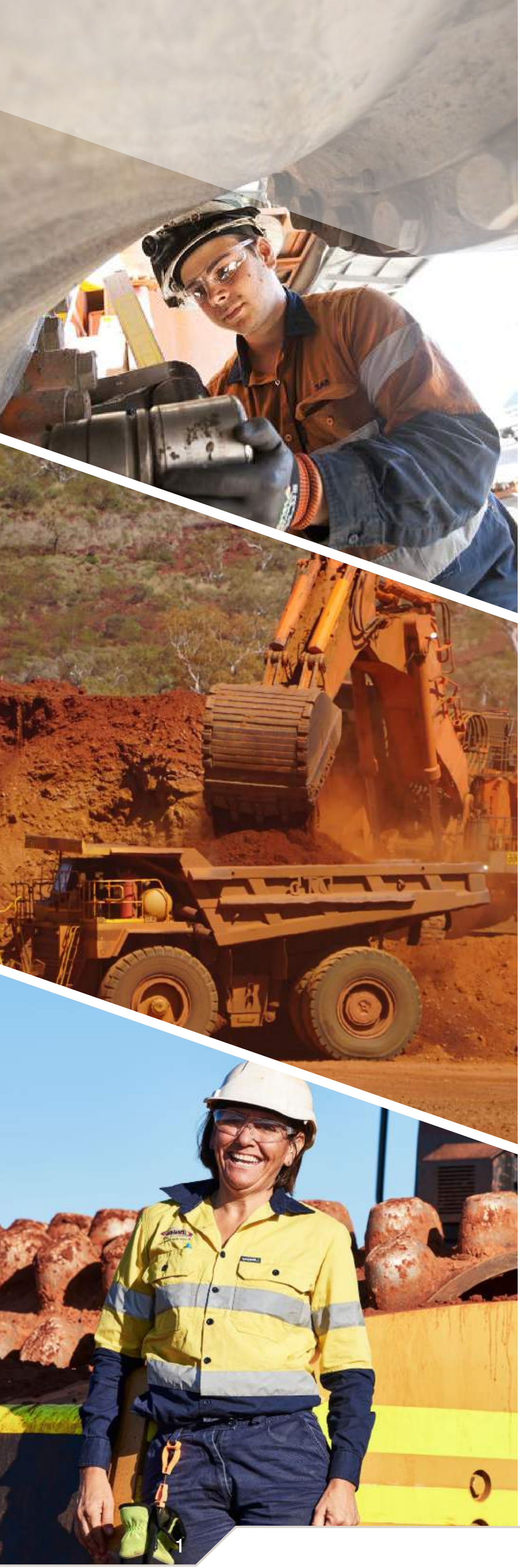
NRW Holdings

2017
ANNUAL REPORT



CORPORATE REGISTRY

DIRECTORS

Michael Arnett
Chairman and Non-Executive Director

Jeff Dowling
Non-Executive Director

Julian Pemberton
Chief Executive Officer and Managing Director

Peter Johnston
Non-Executive Director

COMPANY SECRETARY

Kim Hyman

REGISTERED OFFICE

181 Great Eastern Highway,
Belmont WA 6104
Telephone: +61 8 9232 4200
Facsimile: +61 8 9232 4232
Email: info@nrw.com.au

AUDITOR

Deloitte Touche Tohmatsu
Tower 2
Brookfield Place
Level 9
123 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Link Market Services Limited
Level 4 Central Park
152 St Georges Terrace
Perth WA 6000
Telephone: +61 1300 554 474
Facsimile: +61 2 8287 0303

ASX CODE

NWH – NRW Holdings Limited
Fully Paid Ordinary Shares

www.nrw.com.au

ANNUAL REPORT CONTENTS

Chairman's Message **04**

CEO Review of Operations **05**

Highlights 05

NRW Civil and Mining 05

Action Drill & Blast 07

AES Equipment Solutions 07

Health, Safety, Environment and Training 07

People 08

Outlook 08

CFO Performance at a Glance **09**


Action SAFE
REICHdrill
Action Drill & Blast
661
661

DEAR FELLOW SHAREHOLDERS

NRW achieved a solid result for FY17, as our Company continued to focus on diversifying in commodities, geographical location and widening our client base.

NRW delivered a better than 20% year-over-year increase in revenue to $370.2 million during the financial year. Net profit after tax increased by 25% from the previous year to $28.5 million, driven by higher earnings and lower financial costs. All divisions of the NRW Holdings group recorded improved figures on the FY16 results.

Over the past 12 months, the business continued to focus on growing our operations throughout Australia. In August 2017 NRW Holdings acquired Golding, one of Queensland's largest civil infrastructure, urban development and mining contractors. With an exceptional reputation and a solid client base, Golding is a strong fit for NRW's growth strategy.

In December of 2016 we announced the successful acquisition of the East Coast Division of Hughes Drilling, allowing the expansion of drill and blast activities. This acquisition supports our strategy to strengthen the Company's presence in the East Coast of Australia, at a time of improving market sentiment. The acquisition has now been fully integrated into the Action Drill & Blast business.

During the year the business successfully restructured its debt through an innovative corporate note issue. The corporate note issue has now restructured debt payments over the life of the assets while being utilised and will improve liquidity in the business. As at 30 June 2017 debt levels sit at $20.8M, a significant reduction from FY16 of $59.3M.

While the Board recognises the Company's improved performance during the year, it has determined that a dividend will not be declared for the year ending 30 June 2017. The Board remains committed to reintroducing returns to shareholders in the near future, however its focus at this time remains on reducing debt further and strengthening the Company's balance sheet.

Our People

Our Company's success relies heavily on the skill and dedication of our employees across the organisation, and their safety remains our highest priority. This year we have worked hard to reduce our total recordable injury frequency rate by 13%, down to 6.22. We will continue to put a strong focus on improving safety across the Company in the coming year.

I would like to thank our leadership team and employees for their efforts over the past few years in a difficult operating environment. As our contract awards increase, we have had the opportunity to reemploy ex-employees, ensuring our Clients are working with a knowledgeable, experienced NRW workforce, as we continue to strengthen our reputation for excellence in project delivery.

Looking forward

In a sector that remains highly competitive, NRW has achieved a solid work in hand position of $1.4 billion. This result, together with our strong focus on client relationships and project delivery, positions our Company for further growth, particularly in the eastern states of Australia.

As our Company continues to focus on opportunities in improving market conditions, the tender pipeline sits at a healthy $6.0 billion placing NRW in a position to deliver strong returns to our shareholders in the coming years.

Finally, I would also like to acknowledge and thank our shareholders for their ongoing support this year. Our Company has a proven track record under a variety of market conditions, and I thank you for the confidence you place in NRW.

Michael Arnett
Chairman, NRW Holdings

CEO REVIEW OF OPERATIONS

It is with great pleasure that I present the results of our Company's performance for the 2017 financial year. NRW's diverse capability and leading market reputation have enabled strong growth in both revenue and earnings.

Highlights

- Revenue of $370.3 million (28.6% increase from FY16)
- EBITDA of $58.8 million (24.6% increase from FY16)
- Net profit after tax of $28.5 million (up 33.0%), and earnings per share of 9.1 cents
- New work secured circa $254.5 million; order book $0.9 billion
- Balance sheet restructured
  - Successful issue of $70.0 million NRW Corporate Notes used to repay $75.0 million of bank debt; changes term from two-year to four-year
  - Raised $19.7 million through equity placement in September 2016
  - Significant reduction in net debt to $20.8 million from $59.3 million at June 2016
  - Improved gearing ratio of 10.5% compared to 39.6% at June 2016
- Cash holdings of $42.3 million
- Successful acquisition and integration of the Hughes Drilling east coast drill and blast business

In August 2017 our Company completed the successful acquisition of leading Queensland-based civil, mining and urban infrastructure business, Golding. This acquisition increased our order book by a further $500.0 million to $1.4 billion. Through Golding's current tier one client base, and top level accreditations within government infrastructure, NRW now have a strong platform for growth in the infrastructure and urban markets on the east coast of Australia.

NRW Civil and Mining

In the reporting period the NRW Civil and Mining business generated earnings before tax of $27.2 million compared to $18.1 million in FY16, an increase of 33%. Revenues for the division increased to $272.6 million (FY16 $203.6 million).

The Civil division continued to focus on widening its client base and diversifying in both commodity and location, securing contracts for new clients Pilbara Minerals, Rio Tinto Coal Australia (RTCA) and Rio Tinto Alcan (RTA) in the lithium, coal and aluminum sectors. The division also secured contracts for both Rio Tinto Iron Ore at the Yandicoogina Mine Site, and Fortescue Metals Group at their Solomon mine.

The business continued work for the Public Transport Authority through the Forrestfield-Airport Link, a $1.176 billion joint venture comprising of NRW (20%) and Italian firm Salini Impregilo (80%). The project is progressing well, with work at the Perth Airport, Belmont and Bayswater sites underway. The first tunnel boring machine (TBM) has commenced tunnelling, and the second TBM has been lowered into the dive structure and is undergoing commissioning tests. First trains are due to begin operation on the railway line in 2020.

Market conditions in the civil sector continue to improve with several major projects in the pipeline for key clients. A significant amount of these opportunities relate to NRW's core business, with tender awards due in the second half of FY18.

The Mining division secured a $110.0 million contract for drill, blast, load and haul mining during the second half of FY17, for new client Altura Mining at their Pilgangoora Lithium Project. The project is scheduled to run until 2022 and represents the division's first contract in this commodity.

Operations continue in Queensland at the Middlemount Coal Mine, where NRW provide a large fleet of fully serviced and maintained mining equipment for joint


DT385

CEO REVIEW OF OPERATIONS CONTINUED...

venture partners Peabody Energy Australia and Yancoal Australia Ltd. The NRW team at Middlemount have achieved an exceptional safety record for the life of the project and remain focussed on the continuous improvement of their maintenance strategies.

Action Drill & Blast

Action Drill & Blast (ADB) expanded and diversified their drill and blast capabilities in FY17 through the acquisition of Hughes Drilling East Coast operations. The acquisition, which has been fully integrated into the business, has increased the number of projects to 18, with a drill fleet of 65 blast hole rigs. The acquisition aligns with our strategic focus to grow ADB's existing presence in Queensland and expands its geographical service offering into New South Wales at a time of improving market sentiment.

During the year the ADB business focused on the key commodities of coal, gold, lithium and iron ore. Contract awards for FY17 included a five-year contract for Macmahon Holdings Limited at Newcrest's Telfer gold mine, a two-year contract extension by Talison Lithium for services at the Greenbushes mine, and drill and blast services as part of the Altura Mining contract award at the Pilgangoora Lithium Project. The business was also awarded a 12-month contract extension by Gold Fields, for the St Ives Gold Mine.

Activity levels in the business increased during the financial year, generating revenues of $88.1 million, compared to $81.9 million in FY16. Earnings also improved, resulting in EBITDA of $10.0 million compared to $8.1 million in FY16.

The significant growth of ADB's fleet has increased their capacity to provide solutions for virtually any blasting project requirement. ADB are well positioned in key market segments and are focused on converting their growing tender pipeline as they enter the 2018 financial year.

AES Equipment Solutions

Revenues in the business increased to $16.3 million compared to $13.6 million in the prior comparative period reflecting a slight increase in market activity but still well down on prior years' volumes. The business generated a $0.1 million loss at EBITDA level compared to a loss of $0.6 million in FY16. AES continues to operate at around break even cash levels.

The outlook for growth in the service and water trucks industry is positive, with prospects emerging through government maintenance agreements. There is also an increasing volume of rebuild opportunities in the resources sector, on which AES will continue to focus.

Health, Safety, Environment and Training

Through a continued focus on improving safety, NRW's LTIFR has fallen 39%, and the TRIFR has dropped 13% since 30 June 2016.

These positive results are attributed to the strong safety culture of our employees and the implementation of several safety initiatives including:

- NRW Golden Rules refresh - improved the consistency of safety behaviour across the business allowing enhanced management of critical risks
- *A Safe Day. Every Day.* key performance indicators update - challenged our project teams to aim higher in relation to our lead safety indicators and proactive safety activities
- Increased frequency of theory assessments - improved the consistency of work methods

To further improve our Company's safety in the coming financial year, our key strategies include continuing to advance our safety systems, using technology to improve leadership effectiveness in the field and focusing on training to improve our employee's knowledge.

NRW applies the *A Safe Day. Every Day.* mantra not only to our people but also to the environments in which we operate. We take extensive measures to mitigate environmental harm for every project, which is why our clients trust us to deliver projects in sensitive environmental conditions.

People

NRW recognises that our success is the result of our dedicated workforce. A workforce that constantly returns to NRW as more projects are secured, and positions become available. We re-employ previous NRW employees as first preference wherever possible, and transfer people from completed projects to new projects to ensure we have the most knowledgeable people on the job. When we look for employees in the wider market, we attract new highly qualified candidates, even for short term contracts, confirming that NRW is an employer of choice. NRW aims to recruit and retain a skilled workforce and endorses a safe environment free from harassment and unlawful discrimination.

NRW's current workforce levels have increased through the year due to the Hughes acquisition and increasing workload particularly in the civil business. Headcount at June 2017 totalled 1,000 (June 2016 - 832).

During FY17 NRW reinvigorated the apprenticeship program, leading to the appointment of four new apprentices into trades programs within our Company. An additional four employees have signed on to complete trade skill upgrades to become dual trade qualified technicians.

NRW is focused on improving the sustainable development of local communities and traditional owners of the areas in which it works. The Company 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.

Outlook

In August the Civil business secured OZ Mineral's Carrapateena Project in South Australia, and is currently finalising contract negotiations valued at approximately $111.0 million. This contract represents NRW's entry into a new geographical location, and provides exposure to a new client.

The recent acquisition of Golding represents a transformational milestone, which delivers a step change in scale for NRW, unlocking opportunities in the growing east coast civil, urban and infrastructure sectors. Golding has already delivered early results through the recent award of a new mining services contract for Broadlea Coal Management and growth in their urban infrastructure division.

Following the acquisition of Golding, NRW's forward order book totals $1.4 billion, of which $625.0 million is secured revenue for delivery during FY18. We have seen continued recovery and improving sentiment in NRW's core markets, together with high levels of tendering activity and better visibility of future prospects. The tender pipeline is currently assessed at $6.0 billion, providing opportunities across the mining, civil, resources, infrastructure, urban and drill and blast sectors.

I would like to extend my thanks to all employees, shareholders and stakeholders who continue to be vital to NRW's achievements, and welcome the Golding team to our Group. With over 40 projects Australia-wide supported by an experienced workforce of over 2000 people, our Company is positioned for significant growth as we continue our expansion into new locations and commodities.

Jules Pemberton
CEO and Managing Director, NRW Holdings

CFO PERFORMANCE AT A GLANCE

Financial Performance

NRW reported revenues including revenue generated by associates of $370.3 million (statutory revenue of $344.6 million), which was 29% higher than last year ($288.0 million). New civil projects and the Hughes business acquisition were the main contributors to the increase in revenues. Net Earnings increased by 33% to $28.5 million compared to $21.5 million reported in the previous year. The increase in Earnings was mostly due to higher revenues and lower finance costs.

Cash holdings at year end improved to $42.3 million (FY16: $37.2 million) whilst loan repayments made in the year reduced debt by $38.5 million to $63.1 million at 30 June 2017. Net debt improved to $20.8 million mostly reflecting earnings in the year less expenditure on capital improvements to the mining and drill and blast fleets.

Net assets increased to $199.1 million ($149.8 million FY16), representing net assets of 62 cents per share. The increase was due to the reported profit and a placement which raised $19.7 million. The capital raising was in the form of a 15% placement to qualified institutional and sophisticated investors. The funds raised were used to reduce debt and to provide additional liquidity.

During the year the business successfully restructured its debt through an innovative corporate note issue which raised $70.0 million. The debt rescheduling was concluded in December 2016 providing funds to repay bank debt. The Corporate notes issued to Australian based investors have a four-year term with a coupon rate of 7.5% which was similar to the interest costs on the now repaid bank debt.

As previously noted NRW acquired the Hughes business in December 2016 for a total consideration of $11.0 million. The acquisition was fully backed by assets, details of which are provided in the notes to these accounts.

Both the placement and note issue significantly improved liquidity which in turn allowed our banking partner to normalise banking arrangements which now include both contract guarantee and overdraft facilities.

Capital expenditure was directed at fleet component replacement and totalled $15.9 million. The run rate was higher than last year reflecting the cyclical nature of fleet requirements.

Gearing improved to 10.5% compared to 39.6% at June 2016.

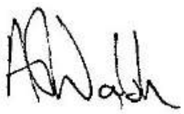
The results include a $5.0 million tax credit due to the recognition of additional tax benefits not currently included in the balance sheet. At 30 June 2016 unrecognised deferred tax assets totalled $31.7 million which reduced to $21.9 million at 30 June 2017.

Significant Events After 30 June 2017

On 14 August 2017, the Company announced the execution of an agreement to acquire 100% of Golding Group Pty Ltd (Golding) for total consideration of $85 million.

The acquisition was funded via a combination of a new $48 million acquisition debt facility, a $25 million equity placement and existing cash reserves. The acquisition debt facility is repayable in equal quarterly instalments over 3 years and is in addition to those banking arrangements disclosed at note 5.3.

The $25 million equity placement involved the issue of 36.8 million new shares at a price of 68 cents per share. As part of the acquisition and placement NRW also raised $5 million through a share purchase plan to eligible NRW shareholders.



Andrew Walsh
CFO, NRW Holdings


CLEARANCE
7.3 m
STOP
STOP

FINANCIAL REPORT
CONTENTS PAGE

Directors' Report		**02**
Corporate Governance Statements		**17**
Auditor's Independence Declaration		**25**
Directors' Declaration		**26**
Consolidated Statement of Profit or Loss and Other Comprehensive Income		**28**
Consolidated Statement of Financial Position		**29**
Consolidated Statement of Changes in Equity		**30**
Consolidated Statement of Cash Flows		**31**
Notes to the Financial Statements		**32**
1.	General Notes	32
2.	Business Performance	34
3.	Balance Sheet	40
4.	Capital Structure	50
5.	Financing	59
6.	Taxation	63
7.	Other Notes	67
Shareholder Information		**77**
Independent Auditor's Report		**79**
Appendix 4E		**84**

DIRECTORS' REPORT

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 2017.

DIRECTORS

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

Michael Arnett

Chariman Non-Executive Director

Mr Arnett was appointed as a Director on 27 July 2007 and appointed Chairman on 9 March 2016.

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). He has been involved in significant corporate and commercial legal work for the resource industry for over 20 years.

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 (finished July 2015)

Jeff Dowling

Non-Executive Director

Mr Dowling was appointed as Non-Executive Director on 21 August 2013.

Mr Dowling has 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.

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

- Chairman, Sirius Resources NL (Resigned 23 September 2015)
- Chairman, Pura Vida Energy NL (Resigned 16 May 2016)
- Non-Executive Director, Atlas Iron Limited (Resigned 4 May 2016)
- Chairman, S2 Resources Limited (Current)

Julian Pemberton

Chief Executive Officer and Managing Director

Mr Julian (Jules) Pemberton was appointed as a Director on 1 July 2006. Appointed as Chief Executive Officer and Managing Director 7 July 2010.

Mr Pemberton has more than 20 years' experience in both the resources and infrastructure sectors. He joined NRW in 1996, and prior to his appointment as Chief Executive Officer and Managing Director he has held a number of senior management and executive positions at NRW including Chief Operating Officer.

DIRECTORS' REPORT CONTINUED

Peter Johnston

Non-Executive Director

Mr Johnston was appointed as Non-Executive Director on 1 July 2016.

Mr Johnston has served with a number of national and international companies. Most recently he was appointed Global Head of Nickel Assets for Glencore in 2013 and completed that role in December 2015. Prior to that role he was Managing Director and Chief Executive Officer of Minara Resources Pty Ltd from 2001 to 2013.

Mr Johnston graduated from the University of Western Australia with a Bachelor of Arts majoring in psychology and industrial relations.

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

- Executive Director, Tronox Ltd (NYSE) (current)
- Executive Director, Silver Lake Resources Limited (resigned 30 April 2015)

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 Held	Directors' Meetings Attended
Michael Arnett	12	12
Jeff Dowling	12	12
Peter Johnston	12	11
Julian Pemberton	12	12

Nomination & Remuneration Committee

The Members of the Nomination & Remuneration Committee (N&RC) are Michael Arnett (Chairman), Jeff Dowling and Peter Johnston. During the 2017 financial year one meeting of the Committee was held. Certain responsibilities of the Committee were also considered at Board Meetings as required.

Audit & Risk Committee

The Members of the Audit & Risk Committee are Jeff Dowling (Chairman), Michael Arnett and Julian Pemberton. During the 2017 financial year three meetings of the Audit & Risk Committee were held and all members attended all meetings. In addition, some Audit and Risk matters were considered in the course of regular Board Meetings.

Principal Activities

NRW Holdings Limited provides diversified services to Australia's resource and infrastructure sectors through three business divisions, NRW Civil and Mining, Action Drill & Blast (ADB) and AES Equipment Solutions (AES). Further detail on the operation of each of these business divisions and the Group is provided below.

RESULTS FOR THE FULL YEAR AND REVIEW OF OPERATIONS

FINANCIAL PERFORMANCE

NRW reported revenues including revenue generated by associates of $370.3 million, (statutory revenue of $344.6 million) which was 20% higher than last year ($288.0 million). New civil projects and the Hughes business acquisition were the main contributors to the increase in revenues. Net Earnings increased by 33% to $28.5 million compared to $21.5 million reported in the previous year. The increase in Earnings was mostly due to higher revenues and lower finance costs.

Cash holdings at year end improved to $42.3 million (FY16: $37.2 million) whilst loan repayments made in the year reduced debt by $38.5 million to $63.1 million at 30 June 2017. Net debt improved to $20.8 million mostly reflecting earnings in the year less expenditure on capital improvements to the mining and drill and blast fleets. Other key movements in net debt include the proceeds from a share placement in September 2016 ($19.7 million) and the payment for the acquisition of the east coast Hughes drilling business ($11.0 million). The gearing ratio further improved in the year to 10.5% (FY16: 39.6%).

BUSINESS SEGMENTS

NRW is a leading contractor in the mining and civil construction industries. NRW is comprised of three businesses, NRW Civil and Mining, Action Drill & Blast (ADB) and AES Equipment Solutions (AES).

	FY17			FY16		
	Revenue	**Earnings**	**EBITDA**[1]	**Revenue**	**Earnings**	**EBITDA**[1]
	$M	$M	$M	$M	$M	$M
NRW Civil and Mining	272.6	27.2	46.6	203.6	18.1	33.2
Action Drill & Blast	88.1	4.2	10.0	81.9	2.3	8.1
AES Equipment Solutions	16.3	(0.7)	(0.1)	13.6	(1.4)	(0.6)
Eliminations	(6.8)	-	-	(11.1)		-
Corporate costs unallocated	-	(4.6)	(3.1)		(5.2)	(2.8)
Interest costs in segment result	-	5.4	5.4	-	9.3	9.3
Group revenue inc. Associates / Normalised EBIT [2] / EBITDA [1]	**370.3**	**31.5**	**58.8**	**288.0**	**23.1**	**47.2**
Share of revenue from equity accounted joint ventures	(25.7)	-		-	-	
Note Issue and Hughes acquisition costs	-	(2.6)		-	-	
Earnings before interest and tax	**-**	**28.9**		**-**	**23.1**	
Net finance costs	-	(5.4)		-	(8.9)	
Income tax benefit	-	5.0		-	7.3	
Total statutory revenue / Net profit after tax	**344.6**	**28.5**		**288.0**	**21.5**	

(1) EBITDA is earnings before interest tax depreciation and amortisation and excluding legal costs associated with the note issue, early termination costs of the existing bank debt and costs related to the acquisition of the Hughes business, ("transaction costs").
(2) Normalised EBIT is earnings before interest and tax and transaction costs.

DIRECTORS' REPORT CONTINUED

NRW Civil and Mining

The Civil and Mining business specialises in the delivery of private and public civil infrastructure projects, mine development and contract mining, waste stripping and ore haulage supported by a fully mobile work force and an extensive fleet of plant and equipment. Civil construction projects completed have included bulk earthworks, rail formation, concrete installation, and construction of roads. Mining projects include work in iron ore, coal and gold.

During FY17 the Civil business secured new work for Rio Tinto Iron Ore, and Fortescue Metals Group. It was also successful in widening its client base and increasing diversification in both commodity and location, by winning contracts in the lithium, coal and aluminium sectors for new clients Pilbara Minerals, Rio Tinto Coal Australia (RTCA) and Rio Tinto Alcan (RTA).

The business continued their work for the Public Transport Authority through the Forrestfield-Airport Link Joint Venture during the year. The contract valued at $1,176 million was awarded to a joint venture comprising NRW (20%) and Salini Impregilo (SI) of Italy (80%). The project is progressing well, with work at the Perth Airport, Belmont and Bayswater sites underway. The first tunnel boring machine (TBM) has now commenced tunnelling with the second currently being integrated at the dive structure.

The Mining business was awarded a $110 million contract for mining and drill & blast by Altura Mining Ltd at their Pilgangoora Lithium Project. The project is scheduled to run until 2022. Operations continue at Queensland's Middlemount Coal Mine, where NRW provide a large fleet of fully serviced and maintained mining equipment. The NRW team at Middlemount have maintained an exceptional safety record by continuously improving their maintenance strategies.

Revenues in the Civil and Mining business of $272.6 million including revenue generated by associates reflected the increased order awards and the start of work on the Forrestfield-Airport Link, (last year $203.6 million). The business generated earnings before interest tax and depreciation (EBITDA) of $46.6 million compared to $33.2 million in FY16 again mostly due to the higher activity levels.

Action Drill & Blast

Action Drill & Blast (ADB) provides contract drill and blast services to the mining sector (including iron ore, coal, gold and lithium) and to civil projects throughout Australia.

The acquisition of the Hughes east coast business, ("Hughes") completed in December 2016 strengthens the business aligning with the strategic intent to build on the ADB's existing presence in Queensland and expanding its geographical service offering into New South Wales at a time of improving market sentiment. The business is fully integrated within ADB.

During the year the ADB business focused on the key commodities of coal, gold, lithium and iron ore. Notable operational highlights include a five-year contract award by Macmahon at Newcrest's Telfer gold mine, a two-year contract extension by Talison Lithium for services at the Greenbushes mine, and drill and blast services as part of the Altura Mining contract award at the Pilgangoora Lithium project.

Activity levels in the business increased generating revenues of $88.1 million compared to $81.9 million in FY16. The increase was due to the acquisition of the Hughes business partly offset by the effect of weather delays, mostly due to cyclone Debbie, and lower volumes on the Middlemount contract where the client insourced explosives supply as part of the contract extension agreements negotiated mid-2016. Earnings also improved resulting in EBITDA of $10.0 million compared to $8.1 million in FY16 due to the higher revenues.

AES Equipment Solutions

AES Equipment Solutions (AES) provides maintenance services to the mining and resources sectors including the fabrication of water and service trucks.

Revenues in the business increased to $16.3 million compared to $13.6 million in the prior comparative period reflecting a slight increase in market activity but still well down on prior years' volumes. The business generated a $0.1 million loss at EBITDA level compared to a loss of $0.6 million in FY16. AES continues to operate at around break even cash levels.

The outlook for growth in the service and water trucks industry is positive, with prospects emerging through government maintenance agreements. There is also an increasing volume of rebuild opportunities in the resources sector, on which AES will continue to focus.

DIRECTORS' REPORT CONTINUED

BALANCE SHEET, OPERATING CASH FLOW AND CAPITAL EXPENDITURE

Net assets increased to $199.1 million, ($149.8 million FY16) representing net assets of 62 cents per share. The increase was due to the reported profit and a placement which raised $19.7 million. The capital raising was in the form of a 15% placement to qualified institutional and sophisticated investors. The funds raised were used to reduce debt and to provide additional liquidity.

During the year the business successfully restructured its debt through an innovative corporate note issue which raised $70.0 million. The debt rescheduling was concluded in December 2016 providing funds to repay bank debt. The Corporate notes issued to Australian based investors have a four-year term with a coupon rate of 7.5% which was similar to the interest costs on the now repaid bank debt.

As previously noted NRW acquired the Hughes business in December 2016 for a total consideration of $11.0 million. The acquisition was fully backed by assets, details of which are provided in the notes to these accounts.

Both the placement and note issue significantly improved liquidity which in turn allowed our banking partner to normalise banking arrangements which now include both contract guarantee and overdraft facilities.

Legal costs associated with the note issue, early termination costs of the existing bank debt and costs related to the acquisition of the Hughes business totalling $2.6 million and are shown separately in the earnings analysis above.

The business again returned most of the EBITDA as cash resulting in further reduction to net debt ($20.8 million compared to $59.3 million at June 2016 and $80.5 million at June 2015). Capital expenditure which was mostly directed at fleet component replacement totalled $15.9 million. The run rate was higher than last year reflecting the cyclical nature of fleet requirements.

Gearing improved to 10.5% compared to 39.6% at June 2016.

The Group was in full compliance with its debt covenants as at 30 June 2017.

The results include a $5.0 million tax credit due to the recognition of additional tax benefits not currently included in the balance sheet. At 30 June 2016 unrecognised deferred tax assets totalled $31.7 million which reduced to $21.9 million at 30 June 2017.

PEOPLE AND SAFETY

NRW recognises that our success is the result of our dedicated workforce. A workforce that constantly returns to NRW as more projects are secured, and positions become available. We re-employ previous NRW employees as first preference wherever possible, and transfer people from completed projects to new projects to ensure we have the most knowledgeable people on the job. When we look for employees in the wider market, we attract new highly qualified candidates, even for short term contracts, confirming that NRW is an employer of choice. NRW aims to recruit and retain a skilled workforce and endorses a safe environment free from harassment and unlawful discrimination.

NRW's current workforce levels have increased through the year due to the Hughes acquisition and increasing workload particularly in the civil business. Headcount at June 2017 totalled 1,000 (June 2016 - 832).

NRW is focused on improving the sustainable development of local communities and traditional owners of the areas in which it works. The Company 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.

Safety is paramount across all NRW projects. NRW's Lost Time Injury Frequency Rate (LTIFR) improved in the year to 0.37 compared to 0.60 at June 2016.

ENVIRONMENTAL REGULATIONS

The Group holds various licences and is subject to various environmental regulations. No known environmental breaches have occurred in relation to the Group's operations.

DIRECTORS' REPORT CONTINUED

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 seven in the corporate governance statement.

OUTLOOK

We have seen continued recovery in the core markets in which NRW operates together with high levels of tendering activity and better visibility of future prospects. In addition, the recent acquisition of Golding represents a transformational milestone, which delivers a step change in scale for NRW's business in Australia and unlocks opportunities to the growing east coast civil, urban and infrastructure markets.

The NRW business is underpinned by Tier 1 clients and the additional capabilities secured via Golding will assist to further capitalise on our strong market position in a rapidly consolidating sector, especially over the next 12 months as a number of major projects including sustaining iron ore projects are scheduled to be committed.

The Civil business has secured significant contract wins for Rio Tinto at Yandi and is well positioned to tender a growing number of prospects in iron ore and copper and gold. The Mining business has expanded into lithium following the award by Altura Mining. ADBs increased geographical reach across Australia has positioned the business to be more accessible to their Client's projects, and the expansion of their fleet has significantly increased capacity.

NRW's forward order book including Golding totals circa $1.4 billion of which around $625 million is secured for delivery during FY18. The tender pipeline provides opportunities across the mining, civil resources, infrastructure, urban and drill and blast sectors which is currently valued in excess of $6.0 billion.

Our focus will remain on:

- Supporting the iron ore sector as plans for sustaining current production volumes are developed
- Growing our presence in Queensland and New South Wales on the back of the recent Golding acquisition
- Project delivery across all contracts including the Forrestfield Airport Link contract where we are working through a joint venture with Salini Impregilo
- Reviewing opportunities to expand our service offering in our core markets and to diversify where we have relevant expertise.

SIGNIFICANT EVENTS AFTER PERIOD END

On 14 August 2017, the Company announced the execution of an agreement to acquire 100% of Golding Group Pty Ltd (Golding) for total consideration of $85 million.

The acquisition will be funded via a combination of a new $48 million acquisition debt facility, a $25 million equity placement and existing cash reserves. The acquisition debt facility is repayable in equal quarterly instalments over 3 years and is in addition to those banking arrangements disclosed at note 5.3.

The $25 million equity placement involved the issue of 36.8 million new shares at a price of 68 cents per share. As part of the acquisition and placement NRW announced the intention to undertake a share purchase plan to eligible NRW shareholders capped at $5 million.

No other matter or circumstance has arisen since the end of the financial year and the date of this report 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.

DIVIDEND

In the context of the recent acquisition of Golding announced on 14 August 2017 the directors have decided not to pay a final dividend for the year ended 30 June 2017 (2016 – nil). At this stage, the directors consider the most appropriate use of available funds is to retain flexibility for the integration of Golding and ensure an appropriate level of gearing is maintained. The directors will regularly review the payment of dividends in light of the earnings, cash flow and franking credits position of the Company.

DIRECTORS'
REPORT CONTINUED

DIRECTORS' INTERESTS

The relevant interest of each Director in the ordinary share capital are set in note 4.3 of Executive KMP Remuneration Outcomes. Transactions between entities within the Group and Director-related entities are set out in note 7.4 to the financial statements.

PERFORMANCE RIGHTS OVER UNISSUED SHARES OR INTERESTS

As at the date of this report, there are 6,208,486 Performance Rights outstanding (2016: 2,613,750 Performance Rights outstanding).

Details of Performance Rights granted to executives as part of their remuneration are set out in the Remuneration Report on pages 9 to 15.

AUDITOR

The Company's auditor is Deloitte Touche Tohmatsu who was appointed at the AGM held on 28 November, 2007.

During the financial year there were no officers of the Company who were former partners or directors of Deloitte Touche Tohmatsu.

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 25 of this report.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in note 7.6 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 7.6 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 $492,795 (2016: $354,411).

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.

DIRECTORS' REPORT CONTINUED

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 2017 for the following individuals, who are the Directors and Key Management Personnel (KMP) of the Company:

Name	Position Held	Appointed/Resigned
NON-EXECUTIVE DIRECTORS		
Mr M Arnett	Chairman and Non-Executive Director	Appointed 27 July 2007 and as Chairman 9 March 2016
Mr J Dowling	Non-Executive Director	Appointed 21 August 2013
Mr P Johnston	Non-Executive Director	Appointed 1 July 2016
EXECUTIVE DIRECTOR		
Mr J Pemberton	Chief Executive Officer and Managing Director	Appointed as a Director of the Company 1 July 2006 and as Chief Executive Officer 7 July 2010.
EXECUTIVES		
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 K Hyman	Company Secretary, Risk Management & Legal	Appointed 10 July 2007
Mr D Donjerkovich	General Manager – Civil	Appointed 9 December 2015
Mr M Gloyne	General Manager – Mining	Appointed 1 September 2014

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:

Section	Page
Remuneration Governance	10
Five Year Snapshot	10
Executive KMP Remuneration Framework	11
Executive KMP Remuneration Outcomes	12
Executive Director and Executive KMP Remuneration	14

DIRECTORS' REPORT CONTINUED

1. REMUNERATION GOVERNANCE

NRW has established a Nomination and Remuneration Committee (N&RC) consisting of Michael Arnett (Chairman), Jeff Dowling and Peter Johnston. 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; and
- 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.

2. FIVE YEAR SNAPSHOT

Measure	2017	2016	2015	2014	2013
Market Capitalisation (30 June)	$ 205.9 million	$ 58.6 million	$ 50.2 million	$ 256.6 million	$ 253.8 million
Share Price at end of year	$0.64	$0.21	$0.18	$0.92	$0.91
Total Revenue	$344.6 million	$288.0 million	$775.9 million	$1,134.5 million	$1,374.4 million
EPS	9.1 cents	7.7 cents	(82.4) cents	15.9 cents	26.6 cents
EPS Growth	18.2%	n/a	n/a	n/a	(23.3%)
Net Profit / (Loss) After Tax	$28.5 million	$21.5 million	$(229.8) million	$44.2 million	$ 74.1 million
Interim Dividend paid	$0.00	$0.00	$0.00	$0.04	$0.08
Final Dividend declared in respect of the year	$0.00	$0.00	$0.00	$0.05	$0.05
Annual Total Shareholder Return (%)	216%	17%	(80%)	11%	(67%)

DIRECTORS’
REPORT CONTINUED

3. EXECUTIVE KMP REMUNERATION FRAMEWORK

3.1 Executive (KMP) Remuneration Overview

The board has adopted the following over-arching principles which recognise the importance of fair, effective and appropriate remuneration outcomes:

- Alignment: the structure of the remuneration package is intended to align the interests of Executives and the Company’s shareholders;
- Attract and Retain: remuneration packages are established and reviewed to ensure NRW is able to attract the right people and to retain those people;
- Motivate: remuneration plans are structured to provide strong motivation to achieve both short and long term business objectives. Consequently, remuneration packages include a high proportion of variable remuneration; and
- Appropriate: remuneration packages are established and reviewed recognising current market trends in sectors relevant to the operations of NRW and those sectors which would be recognised as providing a bench mark to NRW employees.

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 and superannuation capped at the relevant concessional contribution limit. The opportunity to salary sacrifice benefits on a tax compliant basis is available on request. Fixed remuneration is set with reference to role, market and relevant experience, which is reviewed annually and upon promotion.

Variable remuneration: the CEO and CFO can earn a cash based incentive by achieving specific objectives set by the N&RC. The CEO and CFO have been awarded Performance Rights (Rights) which vest on achievement of growth in Total Shareholder Return (TSR) objectives set by the N&RC. The award of Rights is governed by the ‘NRW Holdings Limited Performance Rights Plan’ approved by shareholders in 2011.

Further commentary on the objectives set by the N&RC in relation to the 2017 incentive scheme is provided below. Information on awards made to other KMP’s is provided in the remuneration table.

3.3 Award Levels Relative to Fixed Remuneration

The CEO can achieve a cash based incentive up to 50% of his base salary of $800,000 (2016: up to 50%) and the award of Rights up to 100% of base salary (2016: up to 75%). The CFO can achieve a cash based incentive up to 44% of his base salary of $675,000 (2016: up to 44%) and the award of Rights up to 66% of base salary (2016: up to 66%). The award of Rights to the CEO was approved by shareholders at the 2016 Annual General Meeting.

3.4 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.

The N&RC reserves the right to convert cash based incentive payments to rights using a conversion rate which recognises the share price in the two months prior to the new share issues and share price movements within that period.

3.5 Executive Service Agreements

The Executive Service Agreements in place in respect of NRW's KMP contain non-compete provisions restraining the executives from operating or being associated with an entity that competes with the business of NRW in Western Australia up to six months after termination.

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 and Performance

The following tables provide information on the remuneration of the Executive KMP for the year ending 30 June 2017 and comparable information for the previous year. Information is provided detailing: fixed remuneration, and cash based and share based incentives.

2017 Incentive Scheme

Cash based incentives - The N&RC established, for the cash based component, Net Earnings and Liquidity as the critical performance objectives and other business specific objectives.

Earnings for the year were above the target set by the N&RC. The liquidity objective required establishment of a new banking facility (announced December 2016) and a debt rescheduling objective which was achieved through the Corporate notes issued in December 2016. Other objectives related to cash based incentives set by the N&RC were not achieved in the financial year.

The proportion of cash based incentives forfeited in the year was 25%.

The CEO earned a cash based incentive of $300,000 and the CFO earned a cash based incentive of $222,750. The GM Civil earned a cash based incentive of $60,000 (2016: $30,000) recognising the continued improvement in the Civil business.

Share based objectives for 2017 were granted in two Tranches.

- Tranche 1 rights were dependent on increasing TSR in the financial year ending 30 June 2017 by more than 100% of the one month VWAP ending 30 June 2016. Tranche 1 is subject to a retest in October 2018 at a higher TSR objective if the June 17 target is not met (see Tranche 2 Rights below). The quantum of Rights granted based on a share price of 30 cents per share to the CEO were 1,333,333 and to the CFO 742,500.
  - The target was met and the rights will vest in November 2017, details of which are provided in the table below.
- Tranche 2 rights are subject to achieving further growth in TSR by October 2018. The quantum of rights granted based on a share price of 41 cents per share to the CEO were 975,610 and to the CFO 543,293.
  - Performance will be measured in the next financial year.

The value of rights awarded in 2017 have been measured as outlined below. Tranche 1 rights have been valued in aggregate at $176,446, Tranche 2 rights at $252,138. Share based payment costs have been allocated over the 24-month performance period ending June 2018.

2016 Incentive Scheme

Rights granted in 2016 in two separate tranches were subject to a performance test during the current financial year. The performance test required an increase in TSR from the June 2015 baseline in excess of 100% which was achieved in the year. Details of the quantum of rights which vest in November 2017 are provided in the table below.

DIRECTORS’
REPORT CONTINUED

The value of rights awarded in 2016 were assessed at nil cost (as disclosed in the 2016 accounts) given the low value of the shares when granted. The valuation formula determined that the shares had no value, (the basis shown on the remuneration tables below).

The 2016 remuneration report noted that cash based incentives awarded in the year may be issued as shares. The N&RC determined that the issue of shares at that time was the most appropriate option. The quantum of shares issued in lieu of a cash incentive to the CEO was 612,245 and to the CFO was 454,592. Further details are provided in the KMP table below.

Post completion of the 2016 accounts it was agreed that a bonus of $30,000 should be paid to the General Manager Civil recognising the work completed to date in restructuring the business.

All rights granted prior to July 2015 have lapsed and no rights vested in the year consequently no details are provided in this report on those grants. Some of the rights awarded in prior years which have now lapsed included market based objectives the costs of which are included in the remuneration report.

Total LTI awards and expected vesting

	Julian Pemberton				Andrew Walsh				Total		Value	
	2016 Scheme		2017 Scheme		2016 Scheme		2017 Scheme		All			
	Rights movement	Vested(1)	Rights movement	Vested(1)	Rights movement	Vested(1)	Rights movement	Vested(1)	Rights movement	Vested(1)	Cents per share	Cost $
Awarded as at June 30 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		
Rights awarded in 2016 Tranche 1	1,000,000	-	-	-	742,500	-	-	-	1,742,500	-	0.0	-
Rights awarded in 2016 Tranche 2	750,000	-	-	-	556,875	-	-	-	1,306,875	-	0.0	-
Rights forfeited in 2016	(250,000)	-	-	-	(185,625)	-	-	-	(435,625)	-		
Rights vested in 2016	- -	-	-	-	-	-	-	-	-	-		
Vested Rights converted to shares	-	-	-	-	-	-	-	-	-	-		
Balance as at 30 June 2016	**1,500,000**	**-**	**-**	**-**	**1,113,750**	**-**	**-**	**-**	**2,613,750**	**-**		
Rights awarded in 2017 Tranche 1	-	-	1,333,333	-	-	-	742,500	-	2,075,833	-	8.5	176,446
Rights awarded in 2017 Tranche 2	-	-	975,610	-	-	-	543,293	-	1,518,903	-	16.6	252,138
Rights forfeited in 2017	-	-	-	-	-	-	-		-	-		
Rights that have met vesting conditions and will vest in November 2017	(1,500,000)	1,500,000	(1,333,333)	1,333,333	(1,113,750)	1,113,750	(742,500)	742,500	(4,689,583)	4,689,583		
Vested Rights converted to shares	-	-	-	-	-	-	-	-	-	-		
Balance as at 30 June 2017	**-**	**1,500,000**	**975,610**	**1,333,333**	**-**	**1,113,750**	**543,293**	**742,500**	**1,518,903**	**4,689,583**		**428,584**
									Year of expense		**2016**	**-**
											2017	**284,505**
											Future Years	**144,079**

(1) Rights that have met vesting conditions

4.2 Valuation Assumptions

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.

A Monte-Carlo simulation valuation methodology was used to determine the value relative to TSR growth. The valuation methodology used was chosen from those available to incorporate an appropriate amount of flexibility with respect to the particular performance and vesting conditions of the award.

The variables in the valuation model were:

- Tranche 1 - the agreed share price basis of rights allocation at the time of award (30 cents), the duration of the award, the risk free interest rate (1.78%), share price volatility (120%), and dividend yield (nil).
- Tranche 2 - the agreed share price basis of rights allocation at the time of award (41 cents), the duration of the award, the risk free interest rate (1.78%), share price volatility (120%), and dividend yield (nil).

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.

4.3 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 ended 30 June 2017 and 30 June 2016.

IN AUD $		Remuneration					Post Employment Benefits	Other Long Term Benefits	Share Based Payments	Total
Key Management Personnel	Year	Annual Base Salary (1)	Salary & fees	Cash based incentive	Leave (2)	Annual Leave (3)	Super	Other (4)	Equity	
EXECUTIVE DIRECTORS										
Mr J Pemberton (5)	2017	800,000	810,399	300,000	-	52,613	19,616	13,357	182,741	1,378,726
	2016	800,000	1,004,647	300,000(9)	514,278	(348,788)	19,308	(72,195)	27,928	1,445,178
EXECUTIVES										
Mr A Walsh	2017	675,000	680,912	222,750	-	17,056	33,987	-	101,764	1,056,469
	2016	675,000	655,693	222,750(9)	-	5,020	19,308	-	-	902,771
Mr W Fair	2017	435,770	432,160	-	-	28,772	19,616	-	-	480,548
	2016	435,770	416,463	-	-	(11,285)	19,308	-	1,091	425,577
Mr K Hyman	2017	358,600	386,272	-	-	(13,360)	19,616	6,439	-	398,967
	2016	358,600	339,293	-	-	(1,435)	19,308	5,321	-	362,487
Mr D Donjerkovich (6)	2017	392,400	387,443	60,000	-	9,705	19,616	6,459	-	423,223
	2016	392,400	200,896	30,000	-	6,839	10,397	-	-	248,132
Mr M Gloyne (7)	2017	500,000	498,211	-	-	(513)	29,136	-	-	526,834
	2016	500,000	258,835	-	-	3,265	10,397	-	-	272,497
Mr G Dunn (8)	2017	Nil	-	-	-	-	-	-	-	-
	2016	600,000	290,346	-	-	(17,905)	9,654	-	-	282,095
Total Compensated (Consolidated) – 2017	**2017**		**3,195,397**	**582,750**	**-**	**94,273**	**141,587**	**26,255**	**284,505**	**4,264,763**
Total Compensated (Consolidated) – 2016	**2016**		**3,166,173**	**552,750**	**514,278**	**(364,289)**	**107,680**	**(66,874)**	**29,019**	**3,938,737**

1. This column shows the current annual base salary including Superannuation - any changes in base salary in the current or prior financial year are noted below.

2. Leave entitlements paid as part of remuneration adjustment.
3. Represents the movement in accrued annual leave.
4. Represents the movement in accrued long service leave.
5. Mr J Pemberton – base salary amended to $800,000 per annum from 18th January 2016.
6. Mr D Donjerkovich appointed General Manager – Civil effective 9th December 2015.
Following the release of 2016 annual report results, there was a $30,000 discretionary bonus was paid in respect to the FY16 year.
7. Mr M Gloyne appointed General Manager – Mining to report directly to the CEO effective 9th December 2015.
8. Mr G Dunn appointed as Chief Operating Officer effective 1st July 2015, resigned 9th December 2015.
9. 2016 cash based incentives awarded as shares, see note 4.1.

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 to the Chairman is $150,000, (2016; $125,000) and to Non-Executive Directors is $100,000, (2016; $100,000). In addition, the chair of the Audit and Risk committee receives an additional fee of $25,000, (2016; Nil). 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:

IN AUD $		Remuneration		Post-Employment Benefits	Total
NON-EXECUTIVE DIRECTORS		**Salary & fees**	**Non cash benefit**	**Superannuation**	
Mr M Arnett (1)	FY17	132,500	-	13,300	145,800
	FY16	106,250	2,078	10,625	118,953
Mr J Dowling	FY17	103,846	-	9,865	113,711
	FY16	100,000	232	9,500	109,732
Mr P Johnston	FY17	100,000	-	9,500	109,500
	FY16	Nil	-	-	Nil
Dr I Burston (2)	FY17	3,462	-	-	3,462
	FY16	121,731	1,588	11,564	134,883
Mr J Cooper (3)	FY17	Nil	-	-	Nil
	FY16	42,692	4,702	4,056	51,450
NON-EXECUTIVE DIRECTORS' TOTAL	**FY17**	**339,808**	**-**	**32,665**	**372,473**
	FY16	**370,673**	**8,600**	**35,745**	**415,018**

1. Mr M Arnett appointed Chairman effective 9 March 2016.
2. Dr I Burston stepped down as Chairman effective 9 March 2016 and resigned from the Board effective 30 June 2016.
3. Mr J Cooper resigned from the Board effective 23 November 2015.

Key Person	Held at 1 July 2015	Purchases	Held at 1 July 2016	Purchases	Share in lieu of cash STI	Held at 30 June 2017
Mr M Arnett	344,474	650,000	994,474	-	-	994,474
Mr J Dowling	90,000	160,000	250,000	50,000	-	300,000
Mr P Johnston	-	-	-	100,000	-	100,000
Mr J Pemberton	3,014,404	-	3,014,404	-	612,245	3,626,649
Mr A Walsh	-	-	-	-	454,592	454,592
Mr W Fair	35,775	-	35,775	-	-	35,775
TOTAL	**3,484,653**	**810,000**	**4,294,653**	**150,000**	**1,066,837**	**5,511,490**

End of Remuneration Report (Audited)

DIRECTORS'
REPORT CONTINUED

ROUNDING OF AMOUNTS

Is a Company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instruments, dated 24 March 2016, and in accordance with that Corporations Instruments amounts in the financial report are rounded off to the nearest thousand Australian dollars, unless otherwise indicated.

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

Julian Pemberton

Chief Executive Officer and Managing Director

Michael Arnett

Chairman and Non-Executive Director

CORPORATE GOVERNANCE STATEMENTS

CORPORATE GOVERNANCE PRINCIPLES AND 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 year ended 30 June 2017.

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 2017, 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.

CORPORATE GOVERNANCE
STATEMENTS CONTINUED

Principle 2: Structure of the Board to Add Value

BOARD COMPOSITION

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

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

The Board currently has four Directors, three of whom are Non-Executive. The three Non-Executive Directors, including the Chairman, are considered to be independent.

The roles of the Chairman 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 nine 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.

CORPORATE GOVERNANCE
STATEMENTS CONTINUED

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):

- Mr Michael Arnett (Chairman)
- Mr Jeff Dowling
- Mr Peter Johnston

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

Director	Date Appointed	Period in office	Due for Re-election
Mr Michael Arnett	27 July 2007	10 years	2017 AGM
Mr Jeff Dowling	21 August 2013	4 years	2018 AGM
Mr Julian Pemberton	1 July 2006	11 years	Not Applicable
Mr Peter Johnston	1 July 2016	1 years	2018 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 Chairman, 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.

CORPORATE GOVERNANCE
STATEMENTS CONTINUED

During the 2017 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.

SELECTION, APPOINTMENT, INDUCTION AND CONTINUING DEVELOPMENT PROCESSES

Directors must retire at the third AGM following their election or most recent re-election. At least one third of Directors must stand for election at each AGM.

Any Director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM.

Re-appointment of Directors by rotation is not automatic (the above retirement and re-election provisions do not apply to the Managing Director).

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

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

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

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

The Board will undertake an annual performance evaluation that reviews:

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

COMPANY SECRETARY

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

All Directors have access to the Company Secretary.

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

Principle 3: Promote Ethical and Responsible Decision Making

CODE OF BUSINESS ETHICS AND CONDUCT

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

CORPORATE GOVERNANCE STATEMENTS CONTINUED

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 15.0%. For the year ended 30 June 2017, the actual percentage of women employed was 13.45%. It should be noted that within the NRW Civil and Mining business (the largest employment entity) the actual number was 19.18%.

There are no women executives or 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 www.wgea.gov.au.

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; and
- 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; and
- at least one member with an understanding of the industry in which the entity operates.

CORPORATE GOVERNANCE STATEMENTS CONTINUED

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

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

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; and
- company announcements are factual and presented in a clear and balanced way.

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

Principle 6: Respect the Rights of Shareholders

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

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

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

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

ELECTRONIC COMMUNICATIONS

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

EXTERNAL AUDITOR'S AGM ATTENDANCE

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

Principle 7: Recognise and Manage Risk

RISK MANAGEMENT POLICY

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

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

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

This Committee assists the Board in its oversight role by:

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

CORPORATE GOVERNANCE
STATEMENTS CONTINUED

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

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

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

Principle 8: Remunerate Fairly and Responsibly

NOMINATION AND REMUNERATION COMMITTEE

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

Remuneration responsibilities:

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

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

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

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

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

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

EXECUTIVE REMUNERATION

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

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

NON-EXECUTIVE DIRECTOR REMUNERATION

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

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

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

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

CORPORATE GOVERNANCE
STATEMENTS CONTINUED

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

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2
Brookfield Place
123 St Georges Terrace
Perth WA 6000

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

16 August 2017

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

Dear Board Members

NRW Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of NRW Holdings Limited.

As lead audit partner for the audit of the financial statements of NRW Holdings Limited for the financial year ended 30 June 2017, 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

AT Richards
Partner
Chartered Accountants

DIRECTORS' DECLARATION

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1.2 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 7.1 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 and Managing Director

Michael Arnett

Chairman and Non-Executive Director

Perth, 16 August 2017

CONTENTS
PAGE

Consolidated Statement of Profit Or Loss And Other Comprehensive Income 28

Consolidated Statement of Financial Position 29

Consolidated Statement of Changes In Equity 30

Consolidated Statement of Cash Flows 31

Notes to the Financial Statements 32

1. General Notes 32
2. Business Performance 34
3. Balance Sheet 40
4. Capital Structure 50
5. Financing 59
6. Taxation 63
7. Other Notes 67

Shareholder Information 77

Independent Auditor’s Report……………………………………………………………………………..............79

Appendix 4E 84

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

		Consolidated	
	Notes	2017	2016
		$'000	$'000
REVENUE	2.2	**344,560**	**287,973**
Finance income	2.3	303	320
Finance costs	2.3	(5,733)	(9,227)
Share of loss from associates	3.3	(644)	(813)
Materials and consumables used		(48,112)	(43,579)
Employee benefits expense	2.4	(116,094)	(97,382)
Subcontractor costs		(60,809)	(44,422)
Depreciation and amortisation expenses	2.4	(27,287)	(24,184)
Impairment expense	3.6	-	(172)
Plant and equipment costs	2.4	(59,686)	(51,048)
Other expenses		(2,971)	(3,315)
Profit before income tax		**23,527**	**14,150**
Income tax benefit	6.1	5,000	7,300
Profit for the year		**28,527**	**21,450**
OTHER COMPREHENSIVE INCOME			
Exchange differences arising on translation of foreign operations		-	(24)
Other comprehensive income / (expense) for the year, net of tax		-	(24)
TOTAL COMPREHENSIVE INCOME		**28,527**	**21,426**
Profit Attributable to:			
Equity holders of the Company		28,527	21,450
Total Comprehensive Income Attributable to:			
Equity holders of the Company		28,527	21,426
		Cents	**Cents**
EARNINGS PER SHARE	4.6		
Basic earnings per share		9.1	7.7
Diluted earnings per share		9.0	7.7

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents		42,264	37,182
Receivables	3.1	53,034	36,507
Inventories	3.2	16,288	16,538
Other current assets		4,511	2,937
Total current assets		**116,098**	**93,165**
Non-current assets			
Investments in associates	3.3	3,354	3,999
Intangibles	3.5	1,763	2,858
Property, plant and equipment	3.4	174,081	172,675
Deferred tax assets	6.3	36,270	27,726
Total non-current assets		**215,468**	**207,256**
Total assets		**331,566**	**300,421**
LIABILITIES			
Current liabilities			
Payables	3.7	52,026	44,405
Borrowings	5.3	16,705	37,414
Current tax liabilities	6.3	511	-
Provisions	3.8	13,964	7,835
Total current liabilities		**83,206**	**89,654**
Non-current liabilities			
Borrowings	5.3	46,395	59,072
Provisions	3.8	2,892	1,904
Total non-current liabilities		**49,287**	**60,976**
Total liabilities		**132,493**	**150,630**
Net assets		**199,073**	**149,791**
EQUITY			
Contributed equity	4.2	176,901	156,432
Reserves	4.3	3,162	2,878
Retained profits/(Accumulated losses)	4.4	19,010	(9,519)
Total equity		**199,073**	**149,791**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Notes	Contributed equity	Foreign currency translation reserve	Share based payment reserve	Total Reserves	Retained earnings/ (Accumulated losses)	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000
BALANCE AT 1 JULY 2015		**156,432**	**(184)**	**3,085**	**2,901**	**(30,969)**	**128,364**
Profit for the year	4.4	-	-	-	-	21,450	21,450
Exchange differences arising on translation of foreign operations	4.3	-	(24)	-	(24)	-	(24)
Total comprehensive income / (loss) for the year		**-**	**(24)**	**-**	**(24)**	**21,450**	**21,427**
BALANCE AT 30 JUNE 2016		**156,432**	**(208)**	**3,085**	**2,878**	**(9,519)**	**149,791**
BALANCE AT 1 JULY 2016		**156,432**	**(208)**	**3,085**	**2,878**	**(9,519)**	**149,791**
Profit for the year	4.4	-	-	-	-	28,527	28,527
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**28,527**	**28,527**
Issue of ord. shares under share placement	4.2	20,497	-	-	-	-	20,497
Share issue costs	4.2	(784)	-	-	-	-	(784)
Income tax related to share issue costs	4.2	235	-	-	-	-	235
Issue of shares to Executives	4.2	523	-	-	-	-	522
Share-based payments	4.3	-	-	285	285	-	285
Issue of treasury shares to employees	4.2	21	-	-	-	-	21
Acquisition of treasury shares - on market	4.2	(23)	-	-	-	-	(23)
BALANCE AT 30 JUNE 2017		**176,901**	**(208)**	**3,370**	**3,162**	**19,010**	**199,073**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		368,498	360,995
Payments to suppliers and employees		(316,008)	(313,011)
Interest paid	2.3	(5,733)	(9,227)
Interest received	2.3	303	320
Income tax refunded		-	8,524
Net cash flow from operating activities	5.1	**47,060**	**47,600**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant and equipment		895	9,815
Advances paid to associate		(169)	(70)
Acquisition of property, plant and equipment	3.4	(15,909)	(9,025)
Payment for subsidiary	7.5	(11,000)	-
Net cash (used in) / from investing activities		**(26,182)**	**720**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of equity instruments of the Company	4.2	20,497	-
Payment for share issue costs	4.2	(784)	-
Proceeds from issue of debt securities	5.3	70,000	-
Payment for debt issue costs		(2,100)	-
Proceeds from borrowings		3,634	4,086
Repayment of borrowings and finance/hire purchase liabilities		(107,020)	(49,855)
Payment for shares acquired by NRW Employee Share Trust	4.2	(23)	-
Net cash used in financing activities		**(15,796)**	**(45,769)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**5,082**	**2,551**
Cash and cash equivalents at beginning of the year		37,182	34,631
Cash and cash equivalents at the end of the year		**42,264**	**37,182**

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL NOTES

1.1 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 2017 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 the provision of drilling and blasting services.

1.2 Basis of Preparation

This section sets out the basis of preparation and the Group accounting policies that relate to the consolidated financial statements as a whole. Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements to which it relates.

The financial report is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards (AASBs), including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board, and the Corporations Act 2001. The Financial Report of the Group also complies with International Financial Reporting Standards (IFRSs) and Interpretations as issued by the International Accounting Standards Board (IASB);
- has been prepared on the basis of historical cost except for the revaluation of financial instruments. Historical cost is based on the fair values of the consideration given in exchange for goods and services;
- is a Company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instruments, dated 24 March 2016, and in accordance with that Corporations Instruments amounts in the financial report are rounded off to the nearest thousand Australian dollars, unless otherwise indicated;
- presents reclassified comparative information where appropriate to enhance comparability with the current period presentation. This includes a restatement of note 7.1 relating to the financial information of the entities party to the Deed of Cross Guarantee, to exclude Action Drill & Blast Pty Ltd from the comparative information, to which it was not party to;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2016;
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Refer to note 7.8 for further details; and
- has applied the Group accounting policies consistently to all periods presented.

The financial statements were authorised for issue by the Directors on 16 August 2017.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1.3 Basis of Consolidation

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

The financial statements of subsidiaries where appropriate are consistent within 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.

1.4 Accounting Judgments and Estimates

In the application of the Group's accounting policies, 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

Critical Judgements in Applying Accounting Policies

Preparation of the Financial Report requires management to make judgements, estimates and assumptions about future events. Information on material estimates and judgements considered when applying the accounting policies can be found in the following notes:

Key accounting judgements and estimates	Note	Page
Deferred tax	6.3	65
Acquisition accounting	7.5	73

2. BUSINESS PERFORMANCE

2.1 Segment Reporting

NRW is comprised of three businesses, NRW Civil and Mining, Action Drill & Blast and AES Equipment Solutions.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a division manager and the level of segment information presented to the Board of Directors.

The Directors of the company have chosen to organise the Group around differences in services. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise predominantly corporate expenses. Inter-segment pricing is determined on an arm's length basis.

The following are the reportable segments:

- NRW Civil and Mining (C&M). The Civil and Mining business specialises in the delivery of private and public civil infrastructure projects, mine development and contract mining, waste stripping and ore haulage supported by a fully mobile work force and an extensive fleet of plant and equipment.

- Action Drill & Blast (ADB). The Action Drill & Blast business provides contract drill and blast services to mining (including iron ore, coal, gold and lithium) and civil projects throughout Australia.

- AES Equipment Solutions (AES). The AES Equipment Solutions business provides maintenance services to the mining and resources sectors including the fabrication of water and service trucks.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Reportable segment revenues and results

	2017			2016		
	Revenue	Earnings	EBITDA[1]	Revenue	Earnings	EBITDA[1]
	$'000	$'000	$'000	$'000	$'000	$'000
NRW Civil and Mining	272,678	27,224	46,612	203,635	18,054	33,239
Action Drill & Blast	88,120	4,242	9,999	81,915	2,266	8,126
AES Equipment Solutions	16,279	(698)	(94)	13,556	(1,364)	(590)
Inter-segment eliminations	(6,780)	-	-	(11,133)	-	-
Unallocated costs		(4,602)	(3,064)	-	(5,176)	(2,811)
Interest costs in segment results above	-	5,430	5,430	-	9,278	9,278
Group revenue inc. Associates / Normalised EBIT [2] / EBITDA [1]	**370,297**	**31,596**	**58,883**	**287,973**	**23,058**	**47,242**
Share of revenue from equity accounted associates	(25,737)	-		-	-	
Legal and break costs related to debt restructure and acquisition of the Hughes business	-	(2,639)		-	-	
Revenue and earnings before interest and tax	**344,560**	**28,957**		**287,973**	**23,058**	
Net finance costs		(5,430)			(8,908)	
Income tax benefit		5,000			7,300	
Total statutory revenue / Net profit after tax		**28,527**			**21,450**	

(1) EBITDA is earnings before interest tax depreciation and amortisation and excluding legal costs associated with the note issue, early termination costs of the existing bank debt and costs related to the acquisition of the Hughes business, ("transaction costs").
(2) Normalised EBIT is earnings before interest and tax and transaction costs.

Segment assets and liabilities

	Segment Assets		Segment Liabilities	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
NRW Civil and Mining	190,818	186,924	(94,866)	(119,288)
Action Drill & Blast	77,942	61,173	(33,199)	(28,520)
AES Equipment Solutions	7,621	8,580	(3,068)	(2,777)
Unallocated assets	55,185	43,743	(1,360)	(45)
Consolidated	**331,566**	**300,421**	**(132,493)**	**(150,630)**

NOTES TO THE
FINANCIAL STATEMENTS CONTINUED

Information about major customers

Included in the revenues arising from sales of the reporting segments are approximate revenues to arise from the sales to the Group's largest customers.

These are summarised by segment below for the year end 30 June 2017:

	NRW Civil & Mining	Action Drill & Blast	AES Equipment Solutions	Total
	$'000	$'000	$'000	$'000
Major customer 1	116,189	8,387	-	124,576
Major customer 2	82,639	-	4,961	87,600
Total for continuing operations	**198,828**	**8,387**	**4,961**	**212,176**

These are summarised by segment below for the comparative year end 30 June 2016:

	NRW Civil & Mining	Action Drill & Blast	AES Equipment Solutions	Total
	$'000	$'000	$'000	$'000
Major customer 1	105,637	26,326	-	131,963
Major customer 2	50,030	-	3,431	53,461
Major customer 3	18,125	15,963	-	34,088
Total for continuing operations	**173,792**	**42,289**	**3,431**	**219,512**

Other segment information

	Depreciation and Amortisation		Additions to non-current assets	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
NRW Civil and Mining	19,388	15,185	11,911	7,294
Action Drill & Blast (1)	5,757	5,860	15,786	1,674
AES Equipment Solutions	604	774	488	57
Other	1,538	2,365	-	-
Total for continuing operations	**27,287**	**24,184**	**28,185**	**9,025**

(1) $12.3 million of the Action Drill & Blast additions for the year ended 2017 related to the Hughes Drilling acquisition disclosed at note 7.5.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.2 Revenue

	Consolidated	
	2017	**2016**
	$'000	$'000
Revenue - group and equity accounted joint venture	370,297	287,973
Equity accounted joint venture	(25,737)	-
Revenue	**344,560**	**287,973**

Revenue Recognition

Revenue on long term construction contracts is recognised by reference to the stage of completion 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 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 rendering of a service is recognised upon the delivery of the service to customers.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

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

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. Determining the stage of completion requires an estimate of expenses incurred to date as a percentage of total estimated contract costs. 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.

2.3 Net Finance Expense

	Consolidated	
	2017	**2016**
	$'000	$'000
Interest income	303	320
Total finance income	**303**	**320**
Interest on obligations under finance leases	(2,494)	(9,227)
Interest on corporate notes	(3,239)	-
Total finance expenses	**(5,733)**	**(9,227)**
NET FINANCE EXPENSE	**(5,430)**	**(8,908)**

Interest Income

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

Interest Expense

Interest expense is 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 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.

NOTES TO THE
FINANCIAL STATEMENTS CONTINUED

2.4 Other Expenses

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

	Consolidated	
	2017	**2016**
	$'000	$'000
EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	(107,435)	(90,848)
Superannuation contributions	(8,374)	(6,534)
Share based payments	(285)	-
Subtotal	**(116,094)**	**(97,382)**
OTHER GAINS & LOSSES		
Profit on sale of property, plant and equipment	310	137
Subtotal	**310**	**137**
DEPRECIATION & AMORTISATION		
Depreciation of non-current assets	(26,192)	(22,460)
Amortisation	(1,095)	(1,724)
Subtotal	**(27,287)**	**(24,184)**
PLANT & EQUIPMENT COSTS		
Operating lease payments (refer to note 5.5)	(3,186)	(3,910)
Rental hire payments	(11,077)	(11,690)
Owned plant maintenance and operating costs	(45,423)	(35,448)
Subtotal	**(59,686)**	**(51,048)**

3. BALANCE SHEET

3.1 Trade and Other Receivables

	Consolidated	
	2017	2016
	$'000	$'000
CURRENT RECEIVABLES		
Trade receivables	28,323	20,488
Other receivables	530	20
Retentions	77	41
Loans to associates	239	70
Subtotal	**29,169**	**20,619**
Other accrued revenue	20,377	16,549
Amounts accrued under long term construction contracts	3,488	(661)
Total trade and other receivables	**53,034**	**36,507**

Trade receivables represent value of work completed and invoiced to the client but not yet paid at the balance sheet date. Activity that has been assessed to have been completed but has not yet been invoiced at balance sheet date is recognised as accrued revenue.

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

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.

As at 30 June 2017, the company has not impaired any trade receivables and expects to collect amounts past due in full.

Age of receivables that are past due but not impaired

	Consolidated	
	2017	2016
	$'000	$'000
60-90 days	52	10
90-120 days	9	20
Total	**61**	**30**

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.

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.

NOTES TO THE
FINANCIAL STATEMENTS CONTINUED

Amounts due from (to) customers under construction contracts

	Consolidated	
	2017	**2016**
	$'000	$'000
CONTRACTS IN PROGRESS		
Construction costs incurred plus recognised profits less recognised losses to date	311,070	407,197
Less: progress billings	307,582	407,858
Subtotal	**3,488**	**(661)**
Recognised and included in the consolidated financial statements as amounts due:		
from customers under construction contracts	3,488	-
to customers under construction contracts	-	(661)
Subtotal	**3,488**	**(661)**

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

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

3.2 Inventories

	Consolidated	
	2017	**2016**
	$'000	$'000
Raw materials and consumables	14,295	14,886
Provision for net realisable value expense	(330)	(659)
Work in progress	2,323	2,311
Total inventories	**16,288**	**16,538**

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

During the prior year ended 30 June 2016, the Directors have reviewed the carrying amount of the Group's inventory. The review identified a number of items (parts and tyres) that were considered slow moving and or obsolete mostly as a result of equipment sold in the year. The review resulted in a stock and inventory impairment of $5.7 million.

3.3 Investment in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

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

Salini Impregilo NRW Joint Venture (SI-NRW JV)

During the comparative year the Group formed a Joint Venture company with Salini Impregilo of Italy which was subsequently awarded the Forrestfield–Airport Link contract for the Public Transport Authority of Western Australia. The contract is worth $1,176 million to be delivered over four years. The Group's share of the joint venture is 20%.

As at 30 June 2017, NRW's share of revenue is $25.7 million (2016: $nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NewGen Drilling Pty Ltd

The Group invested in a 20% share purchase in NewGen Drilling Pty Ltd. CalEnergy Resources Limited, a subsidiary of Berkshire Hathaway Energy, holds the balance of the shares. The acquisition took place 24 November 2014. The continued weakness in the oil and gas market has again proved challenging for the business which continues to market its services. The loss in the year reflects the Group's share of marketing costs, and depreciation of the drill rig, the Company's principle asset.

NewGen Drilling Pty Ltd

	2017	2016
	$'000	$'000
Revenue	94	-
Loss for the period after tax	(3,222)	(4,065)
Current assets	446	114
Non-current assets	18,197	20,574
Current liabilities	(1,872)	(694)
Non-current liabilities	-	-
Net assets	**16,771**	**19,994**

Reconciliation and movement in the Group's carrying value of its investment in NewGen Drilling Pty Ltd:

	2017	2016
	$'000	$'000
Opening Cost of the investment in associate	3,999	4,812
Share of loss for the period	(644)	(813)
CLOSING COST OF INVESTMENT IN ASSOCIATE	**3,354**	**3,999**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.4 Property, Plant and Equipment

Property, plant and equipment held by the Consolidated Group include:

	Land	Buildings	Leasehold improvements	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000
COST					
Balance as at 30 June 2015	**3,218**	**6,514**	**1,431**	**561,236**	**572,397**
Additions	-	-	-	9,025	9,025
Disposals	-	-	-	(71,279)	(71,279)
Balance as at 30 June 2016	**3,218**	**6,514**	**1,431**	**498,982**	**510,144**
Acquisitions through business combinations (note 7.5)	-	-	-	12,276	12,276
Additions	-	-	-	15,909	15,909
Disposals	-	-	-	(24,192)	(24,192)
Balance as at 30 June 2017	**3,218**	**6,514**	**1,431**	**502,974**	**514,137**
DEPRECIATION & IMPAIRMENT					
Balance as at 30 June 2015	**1,000**	**4,259**	**1,054**	**375,817**	**382,132**
Depreciation and amortisation expense	-	386	215	21,860	22,461
Reversal of impairment	-	-	-	(5,523)	(5,523)
Disposals	-	-	-	(61,601)	(61,601)
Balance as at 30 June 2016	**1,000**	**4,645**	**1,269**	**330,554**	**337,470**
Depreciation and amortisation expense	-	323	162	25,707	26,192
Disposals	-	-	-	(23,607)	(23,607)
Balance as at 30 June 2017	**1,000**	**4,969**	**1,431**	**332,656**	**340,055**
CARRYING VALUES					
At 30 June 2016	2,218	1,869	162	168,428	172,675
At 30 June 2017	2,218	1,545	-	170,318	174,081

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Recognition and Measurement

The value of property, plant and equipment is measured as the cost of the asset less accumulated depreciation and impairment. 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	3 to 7 years

The above bands provide a range of effective lives regardless of methodology used in the depreciation process (either machine hours, diminishing balance or straight line). The machine 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.

During the prior period ended 30 June 2016 the Group reviewed the carrying value of certain categories of its property, plant and equipment with reference to current external market factors. In determining the appropriate recoverable value, the Group has considered the fair value less costs of disposal of the property, plant and equipment and value in use of the respective cash generating unit (CGU).

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.

Impairment of Property, Plant and Equipment

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. Details of prior year’s impairment movements are included in note 3.6.

3.5 Intangible Assets

Intangibles held by the Group include:

	Software and System	Licences	Total
	$'000	$'000	$'000
COST			
Balance as at 30 June 2015	**19,813**	**1,453**	**21,267**
Additions	-	-	-
Balance as at 30 June 2016	**19,813**	**1,453**	**21,267**
Additions	-	-	-
Balance as at 30 June 2017	**19,813**	**1,453**	**21,267**
AMORTISATION & IMPAIRMENT			
Balance as at 30 June 2015	**15,250**	**1,436**	**16,686**
Amortisation expense	1,719	5	1,724
Balance as at 30 June 2016	**16,969**	**1,440**	**18,409**
Amortisation expense (note 2.4)	1,090	5	1,095
Balance as at 30 June 2017	**18,059**	**1,445**	**19,504**
CARRYING VALUES			
At 30 June 2016	2,844	13	2,858
At 30 June 2017	1,755	8	1,763

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.

3.6 Impairment

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.

NOTES TO THE
FINANCIAL STATEMENTS CONTINUED

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.

	Consolidated	
	2017	**2016**
	$'000	$'000
Property, plant and equipment (note 3.4)	-	(5,523)
Inventory (note 3.2)	-	5,695
Total Impairment	**-**	**172**

After considering factors such as external market rates and NRW's high standards of equipment maintenance, it was determined that the carrying value of these classes of equipment be increased by $5,523,000 as at 30 June 2016, partially reversing the impairment amounts recognised in prior years.

Cash Generating Units (CGU's)

The Company has identified no indicators of impairment for the NRW Civil and Mining CGU. However, the Company has identified indicators of impairment for each of the Action Drill & Blast (ADB) and AES Equipment Solutions (AES) CGUs, and accordingly has assessed the recoverable value of each of those CGUs on a value in use basis to determine the estimated recoverable amount. The estimated recoverable amount was then compared to the carrying value of the CGUs.

The recoverable values determined for Action Drill & Blast and AES Equipment Solutions were in excess of the carrying values as at 30 June 2017 and accordingly no impairment of the CGUs was required. The assumptions used in this assessment are provided below.

Value in Use Assumptions

EBIT and growth

The value in use assessments for Action Drill & Blast and AES Equipment Solutions were based on Board reviewed business plan for the years ending 30 June 2018 and 30 June 2019. Growth assumptions thereafter are 5-10% (2016: <1%) per annum for future years. The terminal value assumes growth of 3% (2016: 3%).

Discount rate

A pre-tax discount rate of 16.4% which includes a risk margin was applied to the cash flows within each of the CGU's.

Working capital and capital expenditure

Working capital has been adjusted to return to and reflect what would be considered a normal operating level to support the underlying business.

Capital expenditure forecasts were based on levels considered appropriate to maintain current operating activities and considering the opportunity to utilise current unallocated equipment. In the medium term, capital expenditure has been forecast to return to normal levels to sustain the current levels of activity and assumes replacement of equipment in the later and terminal years of the plan and has been assessed in line with the level of forecast depreciation.

NOTES TO THE
FINANCIAL STATEMENTS CONTINUED

Sensitivity Analysis

The Company undertook sensitivity analysis with regard to the post Board reviewed business plan growth rates, adjusting to a range of 1-2% (year-on-year) growth per annum. Terminal value growth rates have been sensitised to 2.5% and the discount rate increased to 17.9%. Individually, these sensitivities did not result in recoverable values lower than the carrying value of the CGUs as at 30 June 2017.

The Company has considered reasonable changes to the key assumptions and concluded that these would be unlikely to cause the CGUs carrying value to exceed its recoverable amount.

3.7 Trade and Other Payables

	Consolidated	
	2017	**2016**
	$'000	$'000
CURRENT PAYABLES		
Trade payables	28,505	18,131
Goods and service tax	1,702	1,096
Other payables	1,377	1,415
Accruals	20,442	23,763
Total trade and other payables	**52,026**	**44,405**

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 30 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.

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.

3.8 Provisions

	Consolidated			
	Onerous lease & contracts	Warranty & other	Employee benefits	Total
	$'000	$'000	$'000	$'000
Balance at 1 July 2016	**1,784**	**1,105**	**6,850**	**9,739**
Provisions for acquisition of Hughes Drilling	-	-	3,771	3,771
Provisions made during the year	270	2,257	9,932	12,459
Reductions arising from payments	-	-	(8,565)	(8,565)
Reductions resulting from re-measurement	(626)	78	-	(548)
Balance at 30 June 2017	**1,428**	**3,440**	**11,988**	**16,856**
Short-term provisions	1,075	3,397	9,492	13,964
Long-term provisions	353	43	2,496	2,892
Total balance at 30 June 2017	**1,428**	**3,440**	**11,988**	**16,856**

The provision for onerous leases recognises mostly reduced occupancy levels in the Company's main offices at 181 Great Eastern Highway which are not anticipated to significantly change over the remaining one and a half years of the current lease.

The warranty provisions relate 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.

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

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.

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.

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date. This includes consideration of future increases in wages and salaries, future on cost rates, employee departures and period of service.

4. CAPITAL STRUCTURE

The Group manages its capital structure to ensure that entities in the Group will be able to continue as a going concern while maximising returns to shareholders.

Gearing Ratio

The Board meets regularly to determine the level of borrowings and shareholder funding required to appropriately support business operations. The gearing ratio is a function of the capital structure, dividends and movements in debt.

The gearing ratio was calculated at 30 June 2017 as:

	Consolidated	
	2017	**2016**
	$'000	$'000
Borrowings (note 5.3)	63,099	96,486
Cash	(42,264)	(37,182)
Net Debt	**20,835**	**59,304**
Total equity	199,073	149,791
Net Debt to Equity Ratio	**10.5%**	**39.6%**

4.1 Financial Instruments

Financial Risk Management

The Group's overall financial risk strategy seeks to ensure appropriate funding levels, approved treasury directives to meet ongoing project needs and to allow flexibility for growth. The Board has ultimate responsibility for the Group's policy of risk management. The risk policies and procedures are reviewed periodically. In addition, the going concern basis is reviewed throughout the year, ensuring adequate working capital is available.

NOTES TO THE
FINANCIAL STATEMENTS CONTINUED

The financial instruments in the Group primarily consist of interest bearing debt, cash, trade receivables and payables. The Group has minimal foreign currency risks, although its presence in Guinea West Africa remains, including some assets that are strategically held there for new opportunities. No cash is held other than to meet the day to day running costs.

Capital Risk Management

The capital structure of the Group comprises of debt (borrowings) mostly financed through NRW Corporate Notes issued on 19 December 2016, cash and cash equivalents, and equity. The majority of debt funding was established to acquire the current fleet of assets utilised in the operations of both NRW Civil and Mining and Action Drill & Blast.

The cash position is reviewed regularly and the Group had access to an interchangeable working capital facility (overdraft) as at 30 June 2017, as disclosed at note 5.3.

Interest Rate Risk Management

Principal and interest payments under the NRW Corporate Notes issued 19 December 2016 are made quarterly. The term under the NRW Corporate Notes is to December 2020. The Board continues to review its risk associated with any covenants and borrowing conditions on a regular basis. The long term debt, specifically the NRW Corporate Notes, is at a fixed interest rate of 7.5% per annum.

Consequently, the exposure to market rate volatility is extremely low. If the Group were to consider a movement of 100 basis points in interest rates or cost of funds, there would be no material impact to the cost of capital.

Liquidity Risk Management

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.

Consolidated interest and liquidity analysis 2017

	Effective interest rate	Total	0 to 30 days	31 days to < 1 year	1 to 5 yrs	> 5yrs
		$'000	$'000	$'000	$'000	$'000
FINANCIAL ASSETS						
Cash and cash equivalents	1.5%	42,264	42,264	-	-	-
Trade and other receivables	-	53,034	25,892	27,142	-	-
Subtotal		**95,298**	**68,156**	**27,142**	**-**	**-**
FINANCIAL LIABILITIES						
Corporate notes	7.5%	66,358	-	20,418	45,940	-
Asset financing	5.7%	615	28	346	241	-
Trade and other payables	-	52,026	18,139	33,184	704	-
Subtotal		**118,999**	**18,167**	**53,948**	**46,885**	**-**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Consolidated interest and liquidity analysis 2016

	Effective interest rate	Total	0 to 30 days	31 days to < 1 year	1 to 5 yrs	> 5yrs
		$'000	$'000	$'000	$'000	$'000
FINANCIAL ASSETS						
Cash and cash equivalents	0.00%	37,182	37,182	-	-	-
Trade and other receivables	-	36,507	19,742	16,765	-	-
Subtotal		**73,689**	**56,924**	**16,765**	**-**	**-**
FINANCIAL LIABILITIES						
Asset financing	6.93%	105,268	3,735	42,621	58,912	-
Trade and other payables	-	44,405	15,863	28,542	-	-
Subtotal		**149,673**	**19,598**	**71,163**	**58,912**	**-**

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 appropriate 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 demands and other market forces.

Foreign Exchange and Currency Exposure

The Group reports its functional currency in Australian dollars (AUD). 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 currencies other than AUD are 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 reviews held by the board. Other than specific transactions or purchases negotiated with the supplier, transactions dealing in foreign currency are dealt with at spot rates.

The cash balances held in Guinea at 30 June 2017 (at spot) was $13,767 AUD (2016: $141,000 AUD).

Credit Risk

The primary credit risk faced by the Group is the failure of customers to pay their obligations as and when they fall due. Trade and other receivables payment terms are primarily 30 to 60 days. Cash retentions are low as clients require bonds and bank guarantees.

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.

Bank guarantees at 30 June 2017 total at $8.4 million (2016: $4.6 million) and contract guarantees provided by the insurance market total $3.0 million (2016: $46.6 million).

Fair Value of 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.

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 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.

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.

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 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.

4.2 Issued Capital

Fully Paid Ordinary Shares

	Consolidated	
	2017	2016
	$'000	$'000
ORDINARY SHARES		
321,775,556 fully paid ordinary shares (2016: 278,877,219)	176,901	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			
	2017	2017	2016	2016
	# No. '000	$'000	# No. '000	$'000
FULLY PAID ORDINARY SHARES				
Balance at the beginning of the financial year	278,877	156,432	278,877	156,432
Capital raising at $0.49 share	41,833	20,497	-	-
Share issue costs net of tax	-	(784)	-	-
Income tax related to share issue costs	-	235	-	-
Issue of shares to executives	1,066	523	-	-
Issue of shares to employees	-	21	-	-
Acquisition of treasury shares	-	(23)	-	-
Balance at the end of the period	**321,776**	**176,901**	**278,877**	**156,432**

The Company has on issue a total of 321,786,348 (2016: 278,888,011) ordinary shares, of which 10,792 (2016: 10,792) shares are held by subsidiaries of the Company and eliminated on consolidation.

4.3 Reserves

	Consolidated	
	2017	2016
	$'000	$'000
Share based payment reserve	3,370	3,085
Foreign currency reserve	(208)	(208)
Total reserves	**3,162**	**2,878**

Share Based Payment Reserve

	Consolidated	
	2017	2016
	$'000	$'000
Balance at the beginning of the financial year	3,085	3,085
Share based payments	285	-
Balance at the end of the financial year	**3,370**	**3,085**

Information relating to performance rights, including details of issued, exercised and lapsed during the financial year and outstanding at the end of the financial year, is set out in the Remuneration Report.

Share based compensation payments are provided to employees in accordance to the Company's Performance Rights Plan ('PRP') detailed in the 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 equity instruments 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 performance rights, the balance of the share-based payments reserve relating to those performance rights is transferred to issued capital and the proceeds received, net of any directly attributable transaction costs, are credited to issued capital.

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. 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.

NOTES TO THE
FINANCIAL STATEMENTS CONTINUED

Foreign Currency Translation Reserve

	Consolidated	
	2017	**2016**
	$'000	$'000
Balance at the beginning of the financial year	(208)	(184)
Exchange differences arising on translation of foreign operations	-	(24)
Balance at the end of the financial year	**(208)**	**(208)**

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.

4.4 Retained Earnings / (Accumulated Losses)

	Consolidated	
	2017	**2016**
	$'000	$'000
Balance at the beginning of the financial year	(9,519)	(30,969)
Net profit attributable to members of the parent entity	28,527	21,450
Balance at the end of the financial year	**19,010**	**(9,519)**

4.5 Dividends

In the context of the recent acquisition of Golding announced on 14 August 2017 the Directors have decided not to pay a final dividend for the year ended 30 June 2017 (2016 – nil). At this stage, the Directors consider the most appropriate use of available funds is to retain flexibility for the integration of Golding and ensure an appropriate level of gearing is maintained. The Directors will regularly review the payment of dividends in light of the earnings, cash flow and franking credits position of the Company.

Franking Account

	Consolidated	
	2017	**2016**
	$'000	$'000
Franking account balance at 1 July	**39,007**	**47,524**
Australian income tax (refund)	-	(8,517)
Franking account balance at 30 June	**39,007**	**39,007**
Franking credits that will arise from the payment of income tax payable as at reporting date	511	-
Net franking credits available	**39,518**	**39,007**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4.6 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	
	2017	**2016**
	$'000	$'000
Profit for the year	28,527	21,450
Weighted average number of shares for the purposes of basic earnings per share (000's)	**311,771**	**278,877**
Basic earnings per share	9.1 cents per share	7.7 cents per share
Shares deemed to be issued for no consideration in respect of:		
– Performance rights (000's)	5,910	1,088
Weighted average number of shares used for the purposes of diluted earnings per share (000's)	**317,681**	**279,965**
Diluted earnings per share	9.0 cents per share	7.7 cents 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 on issue during the financial 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. FINANCING

5.1 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.

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

	Consolidated	
	2017	**2016**
	$'000	$'000
PROFIT FOR THE PERIOD	**28,527**	**21,450**
Adjustments for:		
Gain on sale of property, plant and equipment	(310)	(137)
Net foreign exchange gain	-	(23)
Depreciation and amortisation	27,287	24,184
Impairment of PP&E (excludes Inventories impairment)	-	(5,523)
Debt issue cost paid in advance (2)	2,100	-
Inventory write-offs non cash (1)	-	5,695
Share of loss from associates	644	813
Share based payment expense	285	-
Issue of shares to executive management	543	-
Tax effect of share issue costs recognised in equity	235	-
Net cash generated before movement in working capital	**59,311**	**46,460**
Change in trade and other receivables	(17,634)	37,510
Change in inventories excluding (1)	250	6,184
Change in other assets (2)	(1,574)	783
Change in trade and other payables	7,622	(41,813)
Change in provisions and employee benefits	7,117	(2,747)
Change in provision for income tax	512	6,124
Change in deferred tax balances	(8,544)	(4,900)
Net cash from operating activities	**47,060**	**47,600**

(1) Changes in inventories excluding Inventory non cash write-offs.
(2) Debt issue cost paid in advance included within change in other assets.

NOTES TO THE
FINANCIAL STATEMENTS CONTINUED

5.2 Guarantees

	Consolidated	
	2017	2016
	$'000	$'000
Bank guarantees	8,432	4,593
Insurance bonds	2,971	46,582
Balance at the end of the financial year	**11,403**	**51,175**

The Group has contract performance bank guarantees and insurance bonds issued 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.

5.3 Borrowings

On 19 December 2016, the Group issued 70,000 Corporate Notes with a coupon rate of 7.5% per annum, at $70.0 million principal value. Fixed repayments of $5.1 million will be payable quarterly over 4 years, with the final payment due December 2020. These are secured over specific fixed assets of the Group.

Borrowing costs in relation to the issue of secured corporate notes have been capitalised to other current assets on the statement of financial position. These costs will be amortised equally over the 4-year term of the bonds.

Various financial institutions provide the Group with fixed interest rate finance leases, secured by the underlying asset financed.

As at the date of signing the annual accounts the Company is in compliance with its obligations under its facilities. The Company expects to be in compliance with agreed covenants throughout the year ending 30 June 2018.

Information on the amounts drawn under the Company's finance facilities are provided in the table below.

The Group borrowings are comprised of:

	Consolidated	
	2017	2016
	$'000	$'000
SECURED AT AMORTISED COST		
Current		
Corporate notes	16,331	-
Finance lease liability	374	37,414
Total current borrowings	**16,705**	**37,414**
Non-current		
Corporate notes	46,153	-
Finance lease liability	241	59,072
Total non-current borrowings	**46,394**	**59,072**
GROUP TOTAL BORROWINGS	**63,099**	**96,486**

NOTES TO THE
FINANCIAL STATEMENTS CONTINUED

During the year ended 30 June 2017, the Company agreed a new multi-option general banking facility with a regional bank in Western Australia. The agreement provides NRW with a facility to be used for contract guarantees, and a facility which can be used for either contract guarantees or as working capital (an overdraft facility).

Finance Facilities

Consolidated finance facilities as at 30 June 2017

Finance Description	Face Vale (limit) $'000	Carrying Amount (utilised) $'000	Unutilised Amount $'000
Corporate notes	62,484	62,484	-
Asset financing(1)	615	615	-
Guarantees and insurance bonds(2)	62,500	11,403	51,097

(1) Terms range from 1 to 3 years.
(2) $10.0 million of the overall limit is interchangeable as an overdraft facility

Consolidated finance facilities as at 30 June 2016

Finance Description	Face Vale (limit) $'000	Carrying Amount (utilised) $'000	Unutilised Amount $'000
Asset financing(1)	96,486	96,486	-
Guarantees and other funding	25,000	4,593	20,407

(1) Terms range from 1 to 3 years.

Finance Leases as Lessee

Non-cancellable finance leases are as outlined above and are payable as follows:

	Minimum future lease payments		Present value of minimum future lease payments	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
No later than 1 year	398	42,890	374	37,414
Later than 1 year and not later than 5 years	247	62,378	241	59,072
Later than five years	-	-	-	-
Minimum future lease payments	**645**	**105,268**	**615**	**96,486**
Less future finance charges	(30)	(8,782)	-	-
Present value of minimum lease payments	**615**	**96,486**	**615**	**96,486**

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.94% to 6.25% (2016: 5.37% to 7.48%).

Finance 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.

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 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.

5.4 Capital and Other Commitments

As at 30 June 2017 the Group has capital and other commitments totalling $1.3 million (2016: nil)

5.5 Operating Leases

Non-cancellable operating and property lease rentals are payable as follows:

	Consolidated	
	2017	**2016**
	$'000	$'000
Less than one year	4,150	2,936
Between one and five years	4,002	2,981
More than five years	-	-
Total operating and property leases	**8,152**	**5,917**

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.

Operating Leases

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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6. TAXATION

6.1 Income Tax Recognised in Profit or Loss

	Consolidated	
	2017	**2016**
	$'000	$'000
CURRENT TAX EXPENSE		
Current year income tax	-	1
Adjustments for prior years income tax	511	(2,402)
Subtotal	**511**	**(2,401)**
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	4,245	(17,410)
Deferred tax assets (brought)/not brought to account	(9,756)	12,510
Total income tax benefit	**(5,000)**	**(7,300)**

6.2 Reconciliation of Effective Tax Rate

	Consolidated	
	2017	**2016**
	$'000	$'000
Profit before tax for the period	23,527	14,150
INCOME TAX USING THE COMPANY'S DOMESTIC TAX RATE OF 30%	**7,058**	**4,245**
Changes in income tax expense due to:		
Effect of expenses that are not deductible in determining taxable profit	525	166
Adjustments recognised in the current year in relation to the effect of tax consolidation	(2,777)	(23,406)
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)	(50)	(821)
Effect of different income tax rates for subsidiaries operating in a different tax jurisdiction	-	5
Deferred tax assets (brought)/not brought to account	(9,756)	12,510
Total income tax benefit	**(5,000)**	**(7,300)**

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

Relevance of Tax Consolidation to the Group

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group under Australian taxation law with effect from 1 July 2014 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is NRW Holdings Limited. The members of the tax-consolidated group are identified in note 7.1.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'stand-alone taxpayer' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

During the prior period ended 30 June 2016, the Group formally notified to the Australian Taxation Office of its decision to tax consolidate with effect from 1 July 2014.

Nature of Tax Funding Arrangements and Tax Sharing Agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, NRW Holdings Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

Goods and Services

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
- or 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.

Income taxes are paid in the jurisdictions where the Group operates, predominantly Australia. Significant judgement is involved in applying the tax rules and regulations relevant in deriving the final provision for income tax. If in subsequent periods matters arise that causes the final tax outcome to vary to the reported carrying amounts, such differences will alter the deferred tax balances in the period the change is identified.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6.3 Current and Deferred Tax Balances

Current Tax Liabilities

	Consolidated	
	2017	2016
	$'000	$'000
Income tax payable	511	-
Total	**511**	**-**

Deferred Tax Balances

	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Share based payments	341	341	-	-	341	341
Costs of equity raising FY2017	301	-	-	-	301	-
Provisions	5,452	3,119	(152)	-	5,300	3,119
Work in progress (construction)	606	-	-	-	606	-
Inventories	-	-	(3,030)	(4,571)	(3,030)	(4,571)
PP&E	409	268	(8,823)	(4,867)	(8,414)	(4,598)
Other creditors and accruals	849	351	-	-	849	351
Other assets	464	94	(367)	(276)	97	(182)
Losses	40,219	33,264	-	-	40,219	33,266
Deferred tax assets / (liabilities)	**48,641**	**37,438**	**(12,372)**	**(9,713)**	**36,270**	**27,726**

Movement of Deferred Tax Balances

	Consolidated	
	2017	2016
	$'000	$'000
DEFERRED TAX EXPENSE		
Recognised in profit or loss	5,512	4,902
Recognised directly in equity	235	-
Balance acquired through business combinations	2,797	-
Total	**8,544**	**4,902**

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 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 is adjusted to recognise the estimated value of future tax liabilities likely to arise based on risk assessed forecasts.

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.

Unrecognised Deferred Tax Balances

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

	Consolidated	
	2017	**2016**
	$'000	$'000
Tax losses (revenue in nature)	21,913	31,670

Key Accounting Judgments and Estimates

Recoverability of Deferred Tax Asset

The recoverability of the Group's deferred tax balances is recognised only when the Group considers it is probable that future taxable amounts will be derived to utilise those losses and associated deferred tax benefits. The deferred tax asset recognised in these accounts is based on the same underlying forecasts and same assumptions used in the CGU value in use assessments.

Tax Consolidation

A further incremental deferred tax asset which arose upon formation of the tax consolidation group has been quantified and relates to a recalculation of the tax cost bases allocated to assets. This has incremented the unrecognised deferred tax losses above.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. OTHER NOTES

7.1 Subsidiaries

Parent entity	Principal Activities	Country of incorporation	Ownership interest	
			2017	2016
NRW Holdings Limited	Holding company	Australia	-	-
WHOLLY OWNED SUBSIDIARIES				
NRW Pty Ltd as trustee for NRW Unit Trust	NRW Civil & Mining	Australia	100%	100%
Actionblast Pty Ltd	AES Equipment Solutions	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 & Blast Pty Ltd (formerly NRW Drill & Blast Pty Ltd)	Action Drill & Blast	Australia	100%	100%
Hughes Drilling 1 Pty Ltd (note 7.5)	Action Drill & Blast	Australia	100%	-

All of the wholly-owned subsidiaries and Parent entity, incorporated in Australia, have formed a Tax Consolidation Group effective 1 July 2014.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Deed of Cross Guarantees

Pursuant to ASIC Class Order 98/1418 (as amended) dated 22 June 2011, the wholly-owned subsidiaries listed in note 7.1 as parties to the Deed of Cross Guarantee are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of Financial Reports and Directors' Reports. It should be noted that by deed of assumption, the following entities joined the existing Deed of Cross Guarantee on 26 June 2017:

- Action Drill & Blast Pty Ltd
- Hughes Drilling 1 Pty Ltd
- NRW International Holdings Pty Ltd

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	
	2017	**2016**
	$'000	$'000
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	344,560	206,058
Finance income	303	307
Finance costs	(5,733)	(7,737)
Share of loss in associate	(644)	(813)
Materials and consumables used	(48,112)	(19,969)
Employee benefits expense	(116,094)	(64,504)
Subcontractor costs	(60,809)	(39,224)
Depreciation and amortisation expenses	(27,287)	(11,968)
Impairment expense	-	(172)
Plant and equipment costs	(59,686)	(41,604)
Other expenses	(2,971)	(1,972)
Profit before income tax	**23,527**	**18,403**
Income tax expense	5,000	6,631
Profit for the year	**28,527**	**25,034**

	Consolidated	
	2017	**2016**
	$'000	$'000
OTHER COMPREHENSIVE INCOME		
Total comprehensive income for the year	**28,527**	**25,034**

NOTES TO THE
FINANCIAL STATEMENTS CONTINUED

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

	Consolidated	
	2017	2016
	$'000	$'000
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets		
Cash and cash equivalents	42,250	29,076
Trade and other receivables	53,034	24,641
Inventories	16,288	12,519
Other current assets	4,511	2,207
Total current assets	**116,084**	**68,443**
Non-current assets		
Investment in associates	3,354	3,999
Property, plant and equipment	174,081	149,834
Intangibles	1,763	2,752
Deferred tax assets	36,270	30,124
Financial assets	3	-
Total non-current assets	**215,471**	**186,708**
Total assets	**331,555**	**255,152**
LIABILITIES		
Current liabilities		
Trade and other payables	52,052	45,567
Borrowings	16,705	31,263
Current tax liabilities	511	-
Provisions	13,964	6,031
Total current liabilities	**83,231**	**82,861**
Non-current liabilities		
Borrowings	46,395	49,012
Provisions	2,892	1,404
Total non-current liabilities	**49,287**	**50,416**
Total liabilities	**132,518**	**133,277**
Net assets	**199,037**	**121,875**
EQUITY		
Issued capital	176,901	156,429
Reserves	3,370	3,085
Retained earnings / (Accumulated losses)	18,766	(37,640)
Total equity	**199,037**	**121,875**

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.

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.

7.2 Unincorporated Joint Operations

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

Name of Operation	Principal Activity	Group Interest	
		2017	2016
NRW-NYFL Joint Venture	Bulk Earthworks construction to increase the size of Rio's Nammuldi Waste Fines Tails Dam wall - completed	85%	85%
NRW-Eastern Guruma Joint Venture	Construction of the HME Overpass and the Silvergrass Access Roads - completed	50%	50%
City East Alliance	Upgrade of Great Eastern Highway - completed.	15%	15%
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) - completed	50%	50%
ADB Guma ICRG Joint Venture	Production Blast Hole Drilling Services – completed.	75%	75%
NRW Eastern Guruma Wirlu-Murra Enterprises Joint Venture	Construction of a tailings dam at FMG's Solomon Mine	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 Eastern Guruma Wirlu-Murra Enterprises Joint Venture.

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

Financial Information

	Consolidated	
	2017	2016
	$'000	$'000
STATEMENT OF FINANCIAL PERFORMANCE		
Income	14,575	16,338
Expenses	(13,420)	(16,195)
STATEMENT OF FINANCIAL POSITION		
Current assets	1,440	3,662
Current liabilities	991	3,683

NOTES TO THE
FINANCIAL STATEMENTS CONTINUED

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.

7.3 Parent Entity Information

As at, and throughout, the financial year ended 30 June 2017 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Financial Position

	Parent	
	2017	2016
	$'000	$'000
ASSETS		
Current assets	133,888	45,703
Non-current assets	78,521	69,184
Total assets	**212,409**	**114,887**
LIABILITIES		
Current liabilities	17,691	45
Non-current liabilities	46,153	-
Total liabilities	**63,844**	**45**
EQUITY		
Contributed equity	176,925	156,456
Retained earnings	(31,453)	(44,399)
RESERVES		
Share based payment reserve	3,093	2,786
Total equity	**148,565**	**114,843**

Financial Performance

	Parent	
	2017	2016
	$'000	$'000
Profit / (loss) for the year	12,946	(13,352)
Total comprehensive income	**12,946**	**(13,352)**

Guarantees Entered into by the Parent in Relation to the Debts of its Subsidiaries

	Parent	
	2017	2016
	$'000	$'000
Finance leases	615	96,486
Total	**615**	**96,486**

NRW Holdings Limited has entered into a Deed of Cross Guarantee as disclosed in note 7.1.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7.4 Related Parties

The ultimate parent entity within the Group is NRW Holdings Limited. The interests in subsidiaries are set out in note 7.1.

Trading Summary

There are no sales of goods or services to, or purchases from, related parties at reporting date.

Related Party Outstanding Balances

There are no amounts receivable from or payable to related parties at reporting date or at the end of the prior reporting period.

7.5 Business Combinations

On 9 December 2016, 100% of the ordinary shares of Hughes Drilling 1 Pty Ltd (Hughes) were acquired as part of the Group's continued expansion of drill and blast activities on the east coast of Australia. Total purchase consideration of $11.0 million was paid in cash at the date of acquisition.

Assets acquired and liabilities assumed at the date of acquisition:

	$000's
CURRENT ASSETS	
Trade and other receivables	4,135
Inventories	1,114
NON-CURRENT ASSETS	
Property, plant and equipment	12,276
Goodwill	-
Deferred tax assets	2,797
CURRENT LIABILITIES	
Provisions - current	(8,109)
NON-CURRENT LIABILITIES	
Provisions - non current	(1,214)
Net assets acquired and liabilities assumed	**11,000**

The initial accounting for the acquisition of Hughes Drilling 1 Pty Ltd has only been provisionally determined at the end of this reporting period. The Directors will continue to assess asset and project performance to ensure the balance sheet reflects the best estimates of the fair values of the assets and liabilities assumed on acquisition.

For tax purposes, when joining the NRW Holdings Ltd Tax Consolidated Group, the tax values of Hughes' assets are required to be reset based on market values of the assets. At the date of finalisation of these consolidated financial statements, the necessary valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on best estimates of the likely tax values.

Goodwill arising on acquisition:

No goodwill arose as part of the business combination of Hughes Drilling 1 Pty Ltd.

Impact of acquisition on the results of the Group

Additional Revenue generated by the acquisition has been estimated at around $21.0 million which includes revenue from some existing ADB contracts which were combined post acquisition, as work was being performed in both businesses for the same client. Profit attributable to the Hughes business has been assessed including allocation of group costs at circa $1.1 million.

It is impractical to determine what revenue and profit for the Group would have been had the acquisition occurred on 1 July 2016.

7.6 Auditor's Remuneration

	Consolidated	
	2017	2016
	$	$
AUDIT SERVICES		
Auditors of the Company		
Deloitte Touche Tohmatsu	251,000	225,000
OTHER SERVICES		
Coal levy audits	12,000	13,750
Accounting services related to Golding acquisition	60,000	-
Total	**323,000**	**238,750**

7.7 Events After the Reporting Period

On 14 August 2017, the company announced the execution of an agreement to acquire 100% of Golding Group Pty Ltd (Golding) for total consideration of $85 million.

The acquisition will be funded via a combination of a new $48 million acquisition debt facility, a $25 million equity placement and existing cash reserves. The acquisition debt facility is repayable in equal quarterly instalments over 3 years and is in addition to those banking arrangements disclosed at note 5.3.

The $25 million equity placement involved the issue of 36.8 million new shares at a price of 68 cents per share. As part of the acquisition and placement NRW announced the intention to undertake a share purchase plan to eligible NRW shareholders capped at $5 million.

No other matter or circumstance has arisen since the end of the financial year and the date of this report 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7.8 Changes to Accounting Policies

Adoption of New and Revised Accounting Standards and Interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current financial year.

New and revised Standards and amendments thereof effective for the current financial year that are relevant to the Group include:

Standard/Interpretation	
AASB 2014-4	Amendments to Australian Accounting Standards – Clarifications of Acceptable Methods of Depreciation and Amortisation
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

Standards and Interpretations in Issue Not Yet Adopted

The following new or amended accounting standards issued by the AASB are relevant to current operations and may impact the Group in the period of initial application. They are available for early adoption but have not been applied in preparing this Financial Report.

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 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
Amendments to IFRS 2 'Classification and Measurement of Share-based Payment Transactions'	1 January 2018	30 June 2019
Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	Date to be determined	Date to be determined
Amendments to IAS 7 'Disclosure Initiative'	1 January 2017	30 June 2018
Amendments to IAS 12 'Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018

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. Except for AASB 15, the Group has not fully considered the impact of the new standards on the consolidated financial statements.

NOTES TO THE
FINANCIAL STATEMENTS CONTINUED

AASB 15 ‘Revenue from Contracts with Customers’

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group recognises revenue from the following major sources:

- contracts for delivering private and public sector civil infrastructure projects
- contracts for mining services, including mine development, contract mining, waste stripping and ore haulage
- contracts for providing drill and blast services to the mining and civil infrastructure sectors
- maintenance services, including the sale of fabricated water and service trucks

The Directors of the Company have preliminarily assessed that no material differences would be measured in recognising revenue under IFRS 15, when compared to the current standards. This will be continually monitored with the successful award of each new contract in order to understand and quantify any impacts leading up to the first applicable date for the Group, 1 July 2018.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 27 July 2017.

NRW's contributed equity comprises 321,786,348 fully paid ordinary shares.

Distribution of Shareholdings:

Range	Fully paid ordinary	%	No of Holders	%
100,001 and Over	249,837,761	77.64	277	4.43
10,001 to 100,000	56,861,837	17.67	1,825	29.21
5,001 to 10,000	8,992,750	2.79	1,106	17.70
1,001 to 5,000	5,516,010	1.71	1,787	28.61
1 to 1,000	577,990	0.19	1,252	20.05
Total	**321,786,348**	**100.00**	**6,247**	**100.00**
Unmarketable parcels	330,607	0.10	990	15.85

NRW's 20 Largest Shareholders

Rank	Name	Shares	% Interest
1	CITICORP NOMINEES PTY LIMITED	35,438,190	11.01%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	33,304,491	10.35%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,243,573	9.40%
4	ZERO NOMINEES PTY LTD	17,250,000	5.36%
5	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	7,337,884	2.28%
6	NATIONAL NOMINEES LIMITED	6,461,081	2.01%
7	PRUDENTIAL NOMINEES PTY LTD	6,000,000	1.86%
8	MR DAVID RONALDSON	4,238,959	1.32%
9	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	3,959,967	1.23%
10	BNP PARIBAS NOMS PTY LTD <DRP>	3,390,479	1.05%
11	JULIAN ALEXANDER PEMBERTON THE J P TRUST	3,152,259	0.98%
12	MR STEVEN SCHALIT	2,580,722	0.80%
13	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	2,561,355	0.80%
14	MR STEVEN SCHALIT & MS CANDICE SCHALIT <SCHALIT FAMILY S/F A/C>	2,558,583	0.80%
15	MR MARTIN DUGGAN	2,229,000	0.69%
16	MR CHRISTOPHER KING <CHRISTOPHER'S FUND A/C>	2,177,273	0.68%
17	MR PETER HOWELLS	2,125,000	0.66%
18	NATIONAL EXCHANGE PROPRIETARY LTD	2,000,000	0.62%
19	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <VFA A/C>	1,797,697	0.56%
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,640,054	0.51%

SHAREHOLDER
INFORMATION CONTINUED

Substantial Shareholders

As at the date of this report, the names of the 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	No. of shares	Ownership %
Commonwealth Bank of Australia	17,036,164	5.29%
Westoz Funds Management Pty Ltd	16,200,000	5.03%
Dimensional Fund	16,104,872	5.005%

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

Tower 2
Brookfield Place
123 St Georges Terrace
Perth WA 6000

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of NRW Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Deloitte.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit responded to the Key Audit Matter
Assessment of deferred tax assets As disclosed in note 6.3 to the financial statements, the carrying value of the Group's net deferred tax asset as at 30 June 2017 was $36.3 million, inclusive of $40.2 million of carry forward tax losses. At 30 June 2017 unused tax losses for which no deferred tax assets have been recognised equated to $21.9 million. Assessing the recoverability of carry forward tax losses requires management to forecast future taxable income and estimate the extent to which these tax losses will be utilised. Judgement was required in assessing management's forecasted taxable income and the expected utilisation of the recognised tax losses over the forecast period.	Our audit procedures included, but were not limited to: • evaluating the process management has in place to estimate the recoverable amount of carry forward tax losses and confirming the availability of tax losses; • evaluating management's forecast of future taxable income through assessing the key underlying assumptions such as future taxable income against historic performance and where appropriate external industry data; • reviewing management's forecast of taxable income for consistency with the forecasts prepared for the purposes of assessing the recoverable value of the Company's Cash Generating Units (CGUs); • reconciling the latest Board approved budget with management's forecast of future assessable profits; • applying sensitivities to the forecasted future taxable income; and • assessing the appropriateness of the related disclosures in note 6.3.
Acquisition of Hughes Drilling's operations As disclosed in note 7.5 to the financial statements, the Group completed the acquisition of Hughes Drilling's operations in December 2016 for consideration of $11 million. Management has completed the process to allocate the purchase price to identifiable assets, liabilities and separately identifiable intangible assets as relevant. This process involved estimation and judgement in determining the plant and equipment	Our procedures included, but were not limited to: • reading the relevant agreements to understand the key terms and conditions, and confirming our understanding of the transaction with management; • evaluating managements process for the identification of the assets and liabilities acquired;

80

values, provisions and discount rates applied to future cash flow forecasts.	• evaluating management's process for the determination of the fair value of the assets and liabilities acquired, • assessing the competence and objectivity of management's expert who valued the plant and equipment and in conjunction with our valuation specialists we challenged the plant and equipment valuations against external market sales data available; • challenging in conjunction with our valuation specialists management's conclusion that no intangible assets or goodwill have been acquired; • challenging the provisions recognised in respect of the acquisition; and • assessing the appropriateness of the related disclosures in note 7.5.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Deloitte.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 15 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of NRW Holdings Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu

AT Richards
Partner
Chartered Accountants
Perth, 16 August 2017

APPENDIX
4E

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the Year Ended 30 June 2017

	% Change up / (down)	Year ended 30 June 2017	Year ended 30 June 2016
		$'000	$'000
Revenues from ordinary activities	19.65%	344,560	287,972
Profit from ordinary activities after tax attributable to members	32.99%	28,527	21,450
Total Comprehensive Income	32.99%	28,527	21,450
INTERIM DIVIDEND			
Date dividend is payable		N/A	N/A
Record date to determine entitlements to dividend		N/A	N/A
Interim dividend payable per security (cents)		-	-
Franked amount of dividend per security (cents)		-	-
FINAL DIVIDEND			
Date dividend is payable		N/A	N/A
Record date to determine entitlements to dividend		N/A	N/A
Final dividend payable per security (cents)		-	-
Franked amount of dividend per security (cents)		-	-
RATIOS AND OTHER MEASURES			
Net tangible asset backing per ordinary security		$0.61	$0.53

Commentary on the Results for the Year

A commentary for the results for the year is contained in the statutory financial report dated 16 August 2017.

Status of Accounts

This statutory financial report is based on audited accounts.

NRW Holdings Limited - ACN 118 300 217

NRW HOLDINGS LIMITED
181 Great Eastern Highway
Belmont, Western Australia 6104
+ 61 8 9332 4200