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NRW delivers Net Profit after Tax of $19.8m for first half

Financial and operational Highlights

- Record half year operating revenue of $266.5m (a 5.1% increase on December 2007 half year)
- EBIT of $32.9m (a 45% increase on December 2007)
- NPAT of $19.8m (45% increase on December 2007)
- EPS of 8.0 cents (38% increase on December 2007)
- Fully franked interim dividend of 1.0 cent per share declared (payment date of 31 March 2009)
- Debt facilities refinanced with increased limits from lead Banker three months ahead of renewal date.
- Workforce increasing with no "economic downturn" related redundancies expected.
- FY 2010 order book of $400 million (current contracts and contracts under negotiation)
- Challenging trading conditions expected to continue for foreseeable future

Pro Forma Income Statement

The Directors of NRW Holdings Limited (ASX: NWH) today announced Net Profit after Tax of $19.8 million, for the half year ended 31 December 2008.

$m unless stated	Half Year '09 actual	Half Year '08 actual	% Change
Revenue	266.5	253.5	5.1 %
EBITDA	43.1	30.2	43.0%
EBIT	32.9	22.7	45.0%
NPAT	19.8	13.7	45.0%
EPS	8.0 cents	5.8 cents	
DPS	1.0 cents	4.0 cents	

Jeff McGlinn, Chief Executive Officer of NRW, said "NRW is pleased to announce strong first half results given the current market conditions. The significant increase in mining division revenue is a result of diversifying the business and targeting longer term contracts. We expect the civil division revenue to increase in the second half of the 2009 financial year with potential new projects and the continuation of current contracts."

NRW Civil and Mining

NRW's strong first half revenue was driven by the performance of both Civil and Mining operations. Total revenue for the combined operations increased by 4.3% to $249.7m compared to the previous half year result of $239.4m.

The Civil operations recorded lower revenue due to the slower ramp up of the new Rio Tinto Brockman contracts where the workforce peak of 500+ personnel was not effected until October, however, production was unaffected at BHP-Billiton Newman, various miscellaneous contracts and FMG at Christmas Creek (until contract suspension).

Revenue from Mining operations eclipsed 1HY08 four fold to December 2008 due to the commencement of new contracts at Cloudbreak for Fortescue Metals Group, ongoing operations at the Rio Tinto Simandou Guinea project and our other mining division projects in the Pilbara for Rio Tinto.

The Group continues to strengthen its expertise across the company's divisions, focusing upon project execution and diversifying and expanding its tendering program with a strong emphasis on longer term contracts.

Promac Rental & Sales Pty Ltd

The performance of Promac exceeded the 1HY08 results and is on track to complete a successful 2009 full year outcome. The division was the recipient of benefits made through distribution agreements with major outlets throughout Australia and further expansion is planned over the course of the calendar year.

Promac derives its revenue from four categories of products and service, being; hire equipment and sales of tyres, spare parts and plant and equipment.

Tyre sales for the first six months of FY09 exceeded the full year sales of FY08 due to the expansion of outlets and development of relationships on the Australian eastern coast, notably in Queensland and Victoria.

The division reported strong plant and equipment sales notwithstanding delays of stock deliveries of lighting towers and generators. Increases in sales of water and service trucks were achieved through intensive marketing efforts; positioning stock in key locations to accelerate product awareness.

The hire equipment division is tracking in line with the prior corresponding period due to no significant additions to the hire fleet as part of our capital optimisation strategy within the Group.

Action Mining Services Pty Ltd

Action Mining Services continues to perform well, complimenting the other Civil, Mining and Equipment sales divisions with cost synergies due to access to extensive workshop facilities and a centre of mechanical expertise.

Action Mining performed well in the first half of FY09 growing sales by 14% to $15.4m compared to 1HY08 and maintaining pre-acquisition margins. Expansion of fabrication capabilities at the Hazelmere premises has resulted in an increase in the number of service and water trucks produced.

Action Mining has successfully employed its design of water tanks suitable for larger trucks. The tanks are manufactured in Vietnam, imported into Australia and sold at competitive prices.

Operating cash flow and capital expenditure

$ millions	1HY 09 Actual	1HY08 Actual	
Operating cash flow	65.4	23.1	183%
Capital expenditure			
Maintenance	2.0	0.7	
Growth	13.4	38.4	
Total Capex	**15.4**	**39.1**	(61%)

Operating cash flow for the six months ended 31 December 2008 was $65.4 million, driven by revenue growth, increases in net earnings before interest and tax, a focus upon working capital through expedient collection of cash receivable and cost efficiencies.

Capital expenditure for the 1HY09 was $15.4 million in marked contrast to the prior comparative period. NRW was able to reduce expenditure on capital items due to investments being made in the 2008 financial year related to civil and mining projects at Simandou and Hope Downs and for the Promac hire division.

Based on forecast requirements NRW does not expect capital expenditure to be greater than $20m for the full year.

Balance sheet and gearing

NRW has a conservative balance sheet and gearing structure.

$ millions	31 Dec 2008	30 Jun 08
Assets		
Cash	25.4	3.3
Property, plant and equipment	127.3	123.4
Other assets	155.2	185.0
Total assets	**307.9**	**311.7**
Current liabilities		
Interest bearing liabilities	41.7	53.2
Other current liabilities	92.7	87.5
Non current liabilities		
Interest bearing liabilities	36.8	44.9
Other non current liabilities	9.6	8.9
Total liabilities	**180.8**	**194.5**
Net assets	**127.1**	**117.2**
Shareholders equity	**127.1**	**117.2**
EBIT / net interest	7.2 x	8.1 x
Net debt / (Net debt + equity)	29%	44.7%

Interest bearing liabilities have decreased by 20% between June and December 2008 with total debt reducing from $98.1m to $78.5m. As a consequence, the ratio of net debt relative to equity has decreased from 81% in June 2008 to 42% in December 2008. NRW will continue to de-gear the balance sheet with a program of accelerated debt repayment and a continued focus on cash management strategies.

NRW has successfully renegotiated its lending facilities ahead of schedule to give the Group certainty pertaining to its funding position. The Group has been able to increase borrowing facilities from $75m to $85.4m owing to a strong balance sheet, effective working capital management, increasing operational cash flow and sustainable performance. Other lending facilities are also being negotiated in the context of a "club banking" arrangement in conjunction with our lead banker (ANZ) in order for NRW to be well positioned to pursue growth opportunities.

Interim Dividend

A fully franked interim dividend of 1.0 cent per ordinary share has been declared by the Board. The dividend will be paid on 31 March 2009 on shares registered at 5.00pm on 3 March 2009.

Outlook

The Board of NRW remain focused and positive for the long term outlook of the Group based on a solid performance, a strong balance sheet and a dedicated team of highly experienced management and staff. Despite the current economic uncertainty, the Group is well positioned to benefit from opportunities that are expected to be presented.

Whilst NRW expect a strong second half and a solid order book into 2010 our optimism is cautious as the number of projects being tendered has certainly declined over the past 4-6 months and therefore a far more competitive and price sensitive environment currently exists. NRW is also not immune to exposure from existing clients whose requirements may change in the future as they cope and adjust with their recovery from the financial crisis.

Notwithstanding, the opportunities that are in front of us in the civil and mining divisions are significant fully funded projects with blue chip clients. These are expected to contribute strongly to operations late in the second half and particularly through 2010. Together with secured contracts and opportunities under negotiation the value of NRW's order book for 2010 is approximately $400 million.

NRW remains committed to client and project diversity by working on attaining full pre qualification for Australia wide government infrastructure projects, creating an in house concrete division for infrastructure projects, continuing our focus on securing long term mining projects such as Bootu Creek which successfully commenced operations in December 2008 and securing opportunities overseas particularly in the Middle East and Africa where we already have significant local experience.

Further enquiries should be directed to

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