



ABN 95 118 300 217

Interim Financial Report

For the Half Year

31 December 2011

APPENDIX 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the Half Year Ended 31 December 2011

NRW Holdings Ltd

ACN 118 300 217

| | <i>% Change up / (down)</i> | Half-year ended 31 Dec 2011 \$'000 | Half-year ended 31 Dec 2010 \$'000 |
|--|---------------------------------|--|--|
| Revenues from ordinary activities | 72.4% | 610,447 | 354,135 |
| Profit from ordinary activities after tax attributable to members | 122.6% | 45,315 | 20,360 |
| Net profit for the period attributable to members | 122.6% | 45,315 | 20,360 |

Interim Dividend

| | | |
|--|---------------|---------------|
| Date dividend is payable | 30 March 2012 | 30 March 2011 |
| Record date to determine entitlements to dividend | 2 March 2012 | 3 March 2011 |
| Interim dividend payable per security (cents) | 8.0 | 4.0 |
| Franked amount of dividend per security (cents) | 8.0 | 4.0 |

Ratios and Other Measures

| | | |
|--|--------|--------|
| Net tangible asset backing per ordinary security | \$0.98 | \$0.63 |
|--|--------|--------|

CORPORATE DIRECTORY

Directors

Ian Burston – Non-executive Chairman

Michael Arnett – Non-executive Director

Julian Pemberton – Chief Executive Officer and Managing Director

John Cooper - Non-executive Director

Company Secretary Kimberley Hyman

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ASX Code NWH – NRW Holdings Limited Fully Paid Ordinary Shares

Web Page www.nrw.com.au

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DIRECTORS' REPORT

The Directors present their report together with the financial report of NRW Holdings Limited and its subsidiaries for the half year ended 31 December 2011. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows.

Directors

The following persons that held office as Directors of NRW Holdings Limited during or since the end of the half year are:

| Name | Status | |
|------------------|--|--|
| Ian Burston | Chairman Independent Non-Executive Director | Dr Burston was appointed as a Director and Chairman on 27 July 2007 and re-elected at the 2011 Annual General Meeting. |
| Julian Pemberton | Chief Executive Officer and Managing Director | Mr Pemberton was appointed as a Director on 1 July 2006. |
| Michael Arnett | Non-Executive Director | Mr Arnett was appointed as a Director on 27 July 2007. |
| John Cooper | Non-Executive Director | Mr Cooper was appointed as a Director on 29 March 2011 |

Company Secretary

Mr Kimberley Hyman holds the position of Company Secretary, appointed 10 July 2007.

State of Affairs

There were no significant changes in the state of affairs of the Company or the Group during the half year ended 31 December 2011.

Review of Operations and Results

Financial Performance

The Board of Directors are pleased to report record first half results for the 2012 financial year. The Group performance is highlighted by the following achievements:

- Revenue of \$610.4 million
- EBITDA of \$89.4 million, 14.6% of revenue
- EBIT of \$70.4 million, 11.5% of revenue
- Net profit after tax of \$45.3 million, 7.4% of revenue
- Strong cash position of \$140.0 million.
- Interim dividend of 8.0 cents per share.
- Net Debt / Equity of 2%

| | | 1HY12 | 1HY11 | Change |
|--|-----|---------|---------|--------|
| TOTAL Operating Revenue (comprising); | \$m | \$610.4 | \$354.1 | 72% |
| Civil Contracting | \$m | 323.9 | 192.1 | 69% |
| Mining Services | \$m | 246.5 | 149.9 | 64% |
| Drill & Blast | \$m | 50.9 | 11.3 | 354% |
| Action Mining | \$m | 21.0 | 12.7 | 65% |
| Other* | \$m | (31.9) | (11.9) | |
| EBITDA | \$m | \$89.4 | \$48.5 | 84% |
| EBIT | \$m | \$70.4 | \$32.0 | 120% |
| NPAT | \$m | \$45.3 | \$20.4 | 123% |

*Consolidation Elimination entries.

| | | | | |
|-----------------------|-------|------|------|------|
| EPS (basic) | cps | 16.2 | 8.1 | 100% |
| DPS | cps | 8.0 | 4.0 | 100% |
| Interest Cover | times | 12.7 | 11.2 | |

NRW has delivered a strong first half result with improved performance in the Civil, Mining and the Drill and Blast divisions. Revenue for the Group increased by 72% compared to the prior corresponding period that translated to a 123% increase in net profit of \$45.3 million.

NRW's balance sheet is in a strong position with a cash balance of \$140.0 million and net debt of \$5.5 million at 31 December 2011. The strength in the balance sheet provides the business with a solid base to take advantage of improving market conditions.

NRW's improved earnings performance and debt position has resulted in net interest cover of 12.7 times earnings (EBIT), compared to 11.2 times at the prior corresponding period.

Net earnings equated to 16.2 cents per share, a 100% increase compared to the prior corresponding period. In light of the strong performance and cash position NRW's Board has declared an interim dividend of 8.0 cents per share. The dividend represents a 50% payout of earnings per share for the half year.

The fully franked interim dividend will be paid on 30 March 2012, with a record date of 2 March 2012.

NRW Civil Contracting

The Civil Division's growth increased 69% over the previous corresponding period. The Division concentrated on the commencement of key projects at Cape Lambert and Western Turner Syncline (Rio Tinto), Anderson Point (FMG), Port Inner Harbour (BHPIO) and the finalisation of the Concrete and Earthworks package with Gindalbie Metals.

The Civil Division performed well achieving growth in revenue and profit while maintaining margin, however, lower than expected due to projects ramping-up in the second quarter of the half year.

| Civil Contracting | | 1HY12 | 1HY11 | Change |
|-------------------|-----|-------|-------|--------|
| Revenue | \$m | 323.9 | 192.1 | 69% |
| Gross Profit | \$m | 36.6 | 20.3 | 80% |
| Return | | 11% | 11% | |

NRW has continued to proactively recruit a significant number of project managers and engineers from the United Kingdom and Europe in anticipation of the strong growth expected into FY13 and beyond.

The Civil Division has current active tenders of \$1.30 billion.

NRW Mining Services

The Mining Division performed a solid 64% increase in sales growth. The main contributing factor to the growth was the Middlemount Coal Project which continues to expand capacity and FMG's Solomon Development Project. Apart from these new contracts, the division experienced consistent performances from continuing operations at Christmas Creek, Hope Downs, Bootu Creek, Simandou and Western Turner Syncline.

Whilst mining margins improved compared to prior year performance with the addition of new projects (Solomon, Middlemount), we expect further margin improvement with full utilisation of equipment, subject to adverse weather or unforeseen events.

| Mining Services | | 1HY12 | 1HY11 | Change |
|-----------------|-----|-------|-------|--------|
| Revenue | \$m | 246.5 | 149.9 | 64% |
| Gross Profit | \$m | 31.7 | 16.4 | 93% |
| Return | | 13% | 11% | |

The Mining Division has current active tenders of \$1.73billion.

Action Mining Services Pty Ltd

Action Mining Services has achieved excellent results subsequent to a review of the business' operational efficiencies and capabilities. The business has experienced strong demand for both water trucks and service trucks within the Resources sector and from the various mining services companies in Western Australia.

It is expected that strong demand for Action's products will continue into the second half of FY12 in line with the expansion of the WA resources sector.

In addition to external revenue, Action continues to complement NRW's Civil and Mining divisions with cost synergies due to the business' extensive workshop facilities as well as a skilled mechanical work force.

| Action Mining | | 1HY12 | 1HY11 | Change |
|---------------|-----|-------|-------|--------|
| Revenue | \$m | 21.0 | 12.7 | 65% |
| Gross Profit | \$m | 2.1 | 1.0 | 110% |
| Return | | 10% | 7% | |

Action Drill and Blast Pty Ltd

The Drill & Blast business has continued to expand services to both the NRW Mining and Civil divisions and to external clients. The company has successfully expanded operations Australia wide with exposure to a diversified portfolio of clients, geography and commodity including coal, iron ore and base metals.

| Drill & Blast | | 1HY12 | 1HY11 | Change |
|---------------|-----|-------|-------|--------|
| Revenue | \$m | 50.9 | 11.3 | 354% |
| Gross Profit | \$m | 6.8 | 1.0 | 580% |
| Return | | 13% | 9% | |

The Drill and Blast Division has current active tenders of \$0.20 billion.

Operating Cash Flow and Capital Expenditure

As at 31 December 2011, cash on hand totalled \$140.0 million.

| | | 1HY12 | 1HY11 | Change |
|-------------------------|------------|-------------|-------------|-------------|
| Operating Cash flow | \$m | 113.9 | 47.8 | 138% |
| Net Capital Expenditure | | | | |
| Maintenance | \$m | 3.4 | 0.8 | 325% |
| Growth | \$m | 44.5 | 13.8 | 223% |
| Total | \$m | 47.9 | 14.6 | 228% |

Operating cash flow for the six months ending 31 December 2011 was \$113.9 million, an increase of 138% compared to the previous corresponding period. The strong cash position reflects the continuation of efficient working capital management and improved operating performance of the business.

Net capital expenditure for the first half of the financial year was \$47.9m and mainly comprised of mining related equipment for the expansion of the Middlemount Coal and Solomon Projects. A total of \$37.2 million was financed under asset financing for the period.

Interest

Net interest expense for the half year increased to \$5.5 million from \$2.8 million; reflective of the increased spend on capital. However, it is important to note due to strong cash flows the business reduced its need for funding of working capital.

Tax

Group income tax expense increased to \$19.5 million from \$8.8 million, in line with the increased profit before tax for the half year.

Balance Sheet, Funding and Gearing Levels

In the six months to 31 December 2011, NRW has continued to strengthen the balance sheet concentrating on efficient working capital management and adding to the fleet in line with the business' internal return hurdles. The result is net debt of \$5.5 million at December 2011 compared to \$52.9 million at 30 June 2011.

The cash position and reduction of debt has translated to debt (net of cash) / equity of 2% for the half compared to 20% at June 2011.

| \$ m's | Dec 2011 | June 2011 | Change |
|--------------------------------|--------------|--------------|--------------|
| Cash | 140.0 | 70.6 | 98% |
| Property, plant and equipment | 297.4 | 268.5 | 10% |
| Other assets | 247.0 | 205.9 | 20% |
| Total Assets | 684.4 | 545.0 | 26% |
| Other current liabilities | 239.2 | 144.6 | 65% |
| Interest bearing liabilities | 145.5 | 123.5 | 18% |
| Other non-current liabilities | 1.6 | 10.2 | (84)% |
| Total Liabilities | 386.3 | 278.3 | 39% |
| Shareholder Equity | 298.1 | 266.7 | 12% |
| Net Debt / Equity ratio | 2% | 20% | (90)% |

As at December 2011 the NRW Group had drawn \$274 million from a total \$657 million of overall funding facilities. Undrawn facilities of \$383 million provide NRW with sufficient scope to fund capital growth of the fleet as well as bonding requirements for the Civil division to undertake new projects. NRW has increased its external funding capacity by \$120 million since June 2011.

| FACILITY | | Limit | Drawn | Available |
|-----------------|------------|--------------|--------------|--------------|
| Bonding | \$m | 218 | 117 | 101 |
| Asset Finance | \$m | 388 | 153 | 235 |
| Working Capital | \$m | 35 | 0 | 35 |
| Other | \$m | 15 | 4 | 11 |
| TOTAL | \$m | \$656 | \$274 | \$382 |

Outlook

Following a solid half of revenue growth NRW is well placed to achieve its full year revenue target of circa \$1.30 billion, representing an increase of 75% on FY2011. The company anticipates a full year NPAT margin of 7% of revenue.

Results guidance is contingent upon limited disruptions through adverse weather conditions and other unforeseen events.

NRW's strong balance sheet, operating cash flow and expanded funding facilities will underpin the company's future growth.

NRW remains focused on its strategy of servicing its existing blue chip customer base in the key markets of iron ore and coal whilst actively pursuing additional opportunities in the oil and gas sector further to the Wheatstone contract award, as well as other key commodities.

A visible and significant tender pipeline of \$11.4 billion exists across the resources and infrastructure sectors throughout Australia. NRW is also investigating opportunities in emerging markets in existing fields of expertise as well as seeking opportunities to broaden our future service offering. Current active tenders are valued at \$3.23 billion across the Civil, Mining and Drill and Blast Divisions.

The order book remains very robust with the award of new contracts, extensions and change of scope to existing projects. The company expects to convert a number of current active tenders and preferred contractor arrangements resulting in significant growth of the forward order book during the second half FY12, and beyond.

Dividend

The directors have declared a fully franked interim dividend of 8.0 cents per share for the half year ended 31 December 2011. The dividend will be paid on 30 March 2012 on shares registered at 5.00pm on 2 March 2012.

Significant Events after Period End

No matter or circumstance has arisen since the end of the interim reporting period 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.

Auditor's Independence Declaration

The Directors received the Auditor's Independence Declaration from the auditor of the Company, which is included on page 12 of the half-year financial report.

Rounding of Amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Julian Pemberton
Chief Executive Officer



Ian Burston
Chairman

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

24 February 2012

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 review of the half-year financial statements of NRW Holdings Limited for the half year ended 31 December 2011, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully


DELOITTE TOUCHE TOHMATSU


A T Richards
Partner
Chartered Accountants

DIRECTORS' DECLARATION

The directors of the company 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with the accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



JULIAN PEMBERTON
Chief Executive Officer



IAN BURSTON
Chairman

Dated this 24th day of February 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2011

| | <i>Note</i> | Consolidated Half-year ended 31 December 2011 \$'000 | Consolidated Half-year ended 31 December 2010 \$'000 |
|---|-------------|---|---|
| Revenue | | 610,447 | 354,135 |
| Other income | | 223 | 4,138 |
| Financial income | | 700 | 175 |
| Financial expenses | | (6,212) | (3,039) |
| Materials and consumables used | | (80,913) | (43,425) |
| Employee benefits expense | | (172,573) | (104,651) |
| Subcontractor costs | | (133,477) | (60,262) |
| Depreciation and amortisation expenses | | (19,015) | (16,526) |
| Plant and equipment costs | | (117,871) | (82,349) |
| Travel and accommodation | | (13,281) | (16,266) |
| Other expenses | | (3,187) | (2,776) |
| Profit before income tax | | 64,841 | 29,155 |
| Income tax expense | | (19,526) | (8,795) |
| Profit for the period | | 45,315 | 20,360 |
| Other comprehensive income | | | |
| Exchange differences arising on translation of foreign operations | | (2) | (213) |
| Total comprehensive income | | 45,313 | 20,147 |
| Profit Attributable to: | | | |
| Equity holders of the Company | | 45,315 | 20,360 |
| Total Comprehensive Income Attributable to: | | | |
| Equity holders of the Company | | 45,313 | 20,147 |
| Earnings per share (cents per share) | | | |
| Basic earnings per share (AUD) | | 16.2 | 8.1 |
| Diluted earnings per share (AUD) | | 16.2 | 8.1 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

| | <i>Note</i> | Consolidated 31 December 2011 \$'000 | Consolidated 30 June 2011 \$'000 |
|--------------------------------------|-------------|--|--|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 11(a) | 140,047 | 70,628 |
| Trade and other receivables | | 194,879 | 155,340 |
| Inventories | | 25,963 | 23,029 |
| Other current assets | | 1,630 | 3,059 |
| Total current assets | | 362,519 | 252,056 |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 297,474 | 268,537 |
| Goodwill | | 24,417 | 24,417 |
| Total non-current assets | | 321,891 | 292,954 |
| Total assets | | 684,410 | 545,010 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 197,497 | 134,654 |
| Borrowings | | 52,329 | 52,932 |
| Current tax liabilities | | 21,791 | 51 |
| Provisions | | 19,879 | 9,800 |
| Total current liabilities | | 291,496 | 197,437 |
| Non-current liabilities | | | |
| Borrowings | | 93,243 | 70,634 |
| Provisions | | 41 | 30 |
| Deferred Tax Liability | | 1,553 | 10,200 |
| Total non-current liabilities | | 94,837 | 80,864 |
| Total liabilities | | 386,333 | 278,301 |
| Net assets | | 298,077 | 266,709 |
| Equity | | | |
| Issued capital | 5 | 156,456 | 156,456 |
| Reserves | 6 | 1,385 | 1,387 |
| Retained earnings | 7 | 140,236 | 108,866 |
| Total equity | | 298,077 | 266,709 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half Year ended 31 December 2011

| Consolidated | Fully paid ordinary shares \$'000 | Foreign currency translation reserve \$'000 | Option reserve \$'000 | Retained earnings \$'000 | Total \$'000 |
|---|--------------------------------------|--|--------------------------|-----------------------------|-----------------|
| Balance at 1 July 2010 | 82,211 | (33) | 1,635 | 85,256 | 169,069 |
| Profit for the period | - | - | - | 20,360 | 20,360 |
| Exchange differences arising on translation of foreign operations | - | (213) | - | - | (213) |
| Total comprehensive income for the period | - | (213) | - | 20,360 | 20,147 |
| Payment of dividends | - | - | - | (7,537) | (7,537) |
| Balance at 31 December 2010 | 82,211 | (246) | 1,635 | 98,079 | 181,679 |
| Balance at 1 July 2011 | 156,456 | (248) | 1,635 | 108,866 | 266,709 |
| Profit for the period | - | - | - | 45,315 | 45,315 |
| Exchange differences arising on translation of foreign operations | - | (2) | - | - | (2) |
| Total Comprehensive Income for the period | - | (2) | - | 45,315 | 45,313 |
| Payment of dividends | - | - | - | (13,945) | (13,945) |
| Balance at 31 December 2011 | 156,456 | (250) | 1,635 | 140,236 | 298,077 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half Year ended 31 December 2011

| | <i>Note</i> | Consolidated Half-year ended 31 December 2011 \$'000 | Consolidated Half-year ended 31 December 2010 \$'000 |
|---|-------------|---|---|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 572,034 | 404,723 |
| Cash paid to suppliers and employees | | (446,187) | (348,142) |
| Interest paid | | (6,212) | (3,039) |
| Interest received | | 700 | 175 |
| Income tax paid | | (6,433) | (5,946) |
| Net cash provided by operating activities | 11(b) | <u>113,902</u> | <u>47,771</u> |
| Cash flows from investing activities | | | |
| Proceeds from the sale of property, plant and equipment | | 3,120 | 1,140 |
| Acquisition of property, plant and equipment | | (14,788) | (4,201) |
| Net cash used in investing activities | | <u>(11,668)</u> | <u>(3,060)</u> |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 4,282 | 3,713 |
| Repayment of borrowings and finance/hire purchase liabilities | | (23,152) | (21,465) |
| Proceeds from repayment of Employee Share Plan loans | | - | - |
| Payment of dividends to shareholders | | (13,945) | (7,537) |
| Net cash used in financing activities | | <u>(32,815)</u> | <u>(25,289)</u> |
| Net increase in cash and cash equivalents | | <u>69,419</u> | <u>19,422</u> |
| Cash and cash equivalents at beginning of the period | | 70,628 | 21,443 |
| Cash and cash equivalents at the end of the period | 11(a) | <u>140,047</u> | <u>40,865</u> |

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*.

Compliance with AASB 134 ensures compliance to International Financial Reporting Standards IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent Annual Report.

(b) Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2011 annual financial report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. In addition the group has introduced a warranty provision for defects relevant to completed work as per contractual requirements in the performance and defects period relevant too each project. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The consolidated entity has adopted all 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 reporting period.

New and revised standards and interpretations that are relevant to the consolidated entity are:

- *AASB 124: Related Party Disclosures (2009), AASB 2009-12 Amendments to Australian Accounting Standards*
- *AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project*
- *AASB 2010-5 Amendments to Australian Accounting Standards*
- *AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets*

The adoption of these standards and interpretations has not had an impact on the company.

2. Segment Information

Information regarding these segments is reported below. The accounting policies for the reportable segments are the same as the Group's accounting policies.

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

(a) Reportable segments

The board has identified the following reportable segments:

- **Civil Contracting.** The provision of civil infrastructure and other construction services including rail formation, concrete works, bulk earthworks and detailed road and tunnel construction.
- **Mining Services.** This segment operates in mining contracting services including earth moving, waste stripping, ore haulage and related ancillary services.
- **Equipment Sales.** Rental operations effectively ceased 30 June 09. Historically sales of plant mostly comprised of water and service trucks, spare parts, generators, lighting towers and tyre sales.
- **Fabrication and Repair Services.** The provision of equipment repairs, sandblasting and painting services, service truck and water tanker fabrication and import services, including quarantine cleaning and the marketing and sales of the fabricated water and service trucks.
- **Drilling and Blasting.** To provide services to internal and external requirements regarding drilling and blasting activities in Australia predominantly in civil and mining projects.

(b) Geographical Information

The Group's activities aim to service worldwide projects, predominantly core geographic regions comprising Australia and West Africa – Guinea. The following table represents a breakdown of the activity between the two geographical segments:

| | Revenue from External Customers | | Total Current and Non-Current Assets | |
|----------------------|---------------------------------|----------------|--------------------------------------|----------------|
| | 1HY2012 | 1HY2011 | 1HY2012 | 1HY2011 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Australia | 592,811 | 340,133 | 667,657 | 332,455 |
| West Africa - Guinea | 17,636 | 14,002 | 16,753 | 22,082 |
| Total | 610,447 | 354,135 | 684,410 | 354,537 |

Major customers of each segment revenue comprise \$93.1 million (1HY2011: \$91.6 million) in the civil division, \$76.5 million (1HY2011: \$52.0 million) in the mining division, \$28.0 million (1HY2011: \$6.6 million) in the drilling and blasting division, \$0 (1HY2011:\$2.2 million) in the Equipment Rental & Sales division and \$3.7 million (1HY2011:\$5.2 million) in the Fabrication & Repair division.

2. Segment Information (Continued)....

(c) Segment Revenues and Profit

| | Segment Revenue | | Segment Profit (Loss) | |
|--|-----------------|----------------|-----------------------|---------------|
| | 1HY2012 | 1HY2011 | 1HY2012 | 1HY2011 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Civil Contracting | 323,905 | 192,073 | 36,664 | 20,342 |
| Mining Services | 246,464 | 149,933 | 31,773 | 16,412 |
| Drilling & Blasting Services | 50,861 | 11,261 | 6,888 | 1,030 |
| Equipment Rental & Sales | (132) | 2,419 | (286) | (617) |
| Fabrication & Repair Services | 21,019 | 12,739 | 2,146 | 950 |
| Eliminations | (31,670) | (14,290) | - | - |
| Total for continuing operations | 610,447 | 354,135 | 77,185 | 38,117 |
| Other unallocated expenses | | | (6,831) | (6,098) |
| Net finance costs | | | (5,513) | (2,864) |
| Income tax expense | | | (19,526) | (8,795) |
| Profit for the period | | | 45,315 | 20,360 |

(d) Segment Assets

| Segment assets | Segment Assets | |
|-------------------------------|----------------------|----------------|
| | 1HY2012 | FY2011 |
| | \$'000 | \$'000 |
| Civil Contracting | 220,074 | 159,062 |
| Mining Services | 388,525 | 324,613 |
| Drilling & Blasting Services | 28,376 | 25,140 |
| Equipment Rental & Sales | 789 | 1,182 |
| Fabrication & Repair Services | 37,191 | 34,497 |
| Other unallocated assets | ⁽¹⁾ 9,455 | 516 |
| Consolidated assets | 684,410 | 545,010 |

(1) Represents corporate head office and systems improvement costs that cannot be allocated to other segments.

2. Segment Information (Continued)....

(e) Segment Liabilities

| Segment liabilities | Segment Liabilities | |
|---------------------------------|---------------------|------------------|
| | 1HY2012 | FY2011 |
| | \$'000 | \$'000 |
| Civil Contracting | (130,212) | (91,458) |
| Mining Services | (226,072) | (165,995) |
| Drilling & Blasting Services | (17,635) | (6,836) |
| Equipment Rental & Sales | 31 | (158) |
| Fabrication & Repair Services | (5,324) | (3,654) |
| Other unallocated assets | (7,121) | (10,200) |
| Consolidated liabilities | (386,333) | (278,301) |

(f) Other Segment Information

| | Depreciation and amortisation | | Net additions to non-current assets | |
|--|-------------------------------|---------------|-------------------------------------|---------------|
| | 1HY2012 | 1HY2011 | 1HY2012 | 1HY2011 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Civil Contracting | 2,764 | 3,682 | 7,951 | 630 |
| Mining Services | 15,316 | 12,400 | 23,814 | 11,256 |
| Drilling & Blasting Services | 755 | 265 | 7,614 | 2,664 |
| Equipment Rental & Sales | 14 | 31 | (2) | (160) |
| Fabrication & Repair Services | 166 | 149 | 132 | 211 |
| Unallocated | - | - | 8,442 | - |
| Total for continuing operations | 19,015 | 16,526 | 47,952 | 14,601 |

3. Property, plant and equipment

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

| | Buildings | Leasehold improvements | Plant and equipment | Total |
|---|--------------|------------------------|---------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cost | | | | |
| Balance at 1 July 2010 | 1,156 | 1,521 | 242,205 | 244,882 |
| Effect of foreign currency exchange differences | - | - | (36) | (36) |
| Other acquisitions | 1,203 | (9) | 148,963 | 150,157 |
| Disposals | (400) | (429) | (4,647) | (5,476) |
| Balance at 30 June 2011 | 1,959 | 1,083 | 386,485 | 389,527 |
| Effect of foreign currency exchange differences | - | - | (1) | (1) |
| Other acquisitions | 110 | 79 | 51,785 | 51,974 |
| Disposals | (2) | - | (6,832) | (6,834) |
| Balance at 31 December 2011 | 2,067 | 1,162 | 431,437 | 434,666 |
| Depreciation | | | | |
| Balance at 1 July 2010 | 246 | 233 | 91,467 | 91,946 |
| Depreciation and amortisation expense | 248 | 106 | 30,583 | 30,937 |
| Effect of foreign currency exchange differences | - | - | (15) | (15) |
| Disposals | (109) | - | (1,769) | (1,878) |
| Balance at 30 June 2011 | 385 | 339 | 120,266 | 120,990 |
| Depreciation and amortisation expense | 156 | 60 | 18,799 | 19,015 |
| Effect of foreign currency exchange differences | - | - | - | - |
| Disposals | (2) | - | (2,811) | (2,813) |
| Balance at 31 December 2011 | 539 | 399 | 136,254 | 137,192 |
| Net book value | | | | |
| At 1 July 2011 | 1,574 | 744 | 266,219 | 268,537 |
| At 31 December 2011 | 1,528 | 763 | 295,183 | 297,474 |

4. Capital Commitments

As at 31 December 2011 capital commitments by way of cash, finance or leases are estimated at \$132,300,282 (2010: \$14,343,115). Where finance is used to fund these acquisitions the term is likely to be set at 60 months. The commitments are aimed at servicing the continued growth of the national and international projects. Delivery times and commissioning dates for these commitments are anticipated over the coming 24 months, subject to market and supply constraints.

5. Issued capital

| Ordinary shares | Consolidated Half-year ended 31 December 2011 | | Consolidated Full-year ended 30 June 2011 | |
|--|---|----------------|---|----------------|
| | No. | \$'000. | No. | \$'000 |
| Balance at the beginning of the period | 278,888,011 | 156,456 | 251,223,000 | 82,211 |
| Issue of ordinary shares under Equity Raising | - | - | 25,547,445 | 70,000 |
| Issue of ordinary shares under Share Purchase Plan | - | - | 2,117,566 | 5,802 |
| Share issue costs | - | - | - | (2,225) |
| Income tax relating to transactions with owners | - | - | - | 668 |
| Balance at the end of the period | 278,888,011 | 156,456 | 278,888,011 | 156,456 |

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

6. Reserves

| | Consolidated Half-year ended 31 December 2011 \$'000 | Consolidated Full-year ended 30 June 2011 \$'000 |
|---|---|---|
| Balance at the beginning of the period | 1,387 | 1,602 |
| FX Translation Reserve | (2) | (215) |
| Balance at the end of the period | 1,385 | 1,387 |

7. Retained earnings

| | Notes | Consolidated Half-year ended 31 December 2011 \$'000 | Consolidated Full-year ended 30 June 2011 \$'000 |
|---|-------|---|---|
| Balance at the beginning of the period | | 108,866 | 85,256 |
| Net profit attributable to members of the parent entity | | 45,315 | 41,196 |
| Dividends paid | 8 | (13,945) | (17,586) |
| Balance at the end of the period | | 140,236 | 108,866 |

8. Dividends

During the period, NRW Holdings Ltd made the following dividend payments:

| | Consolidated Half-year ended 31 December 2011 | | Consolidated Half-year ended 31 December 2010 | |
|-----------------------------------|---|---------------|---|---------------|
| | <i>Cents per share</i> | <i>\$'000</i> | <i>Cents per share</i> | <i>\$'000</i> |
| Fully paid ordinary shares | | | | |
| Final dividend | 5.00 | 13,945 | 3.00 | 7,537 |

On 23rd February 2012, the directors declared a fully franked interim dividend of 8.0 cents per share to the holders of fully paid ordinary shares in respect of the half-year ended 31 December 2011, to be paid to shareholders on 30 March 2012. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$22,311,041.

9. Contingencies

Other than shown below there have been no material changes in the contingent assets and contingent liabilities of the Group.

| | Consolidated Half-year ended 31 December 2011 <i>\$'000</i> | Consolidated Full-year ended 30 June 2011 <i>\$'000</i> |
|--|--|--|
| Contingent Liabilities (Utilised) | | |
| Insurance Bonds | 79,213 | 58,642 |
| Bank guarantees | 38,163 | 28,075 |
| | <u>117,376</u> | <u>86,717</u> |

Insurance bonds and bank guarantees are issued in the normal course of business to clients to guarantee the performance of NRW under contracts and the period of each guarantee varies depending upon contract terms.

10. Operating Leases

Operating leases as lessee

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

| | Consolidated | |
|----------------------------|--------------|--------------|
| | 2011 | 2010 |
| | \$'000 | \$'000 |
| Less than one year | 3,823 | 2,474 |
| Between one and five years | 4,898 | 4,475 |
| More than five years | 0 | 0 |
| Total | 8,721 | 6,949 |

Property lease rentals are payable as follows:

| | Consolidated | |
|----------------------------|---------------|---------------|
| | 2011 | 2010 |
| | \$'000 | \$'000 |
| Less than one year | 3,264 | 3,214 |
| Between one and five years | 9,824 | 9,571 |
| More than five years | 3,107 | 5,328 |
| Total | 16,195 | 18,113 |

The majority of property leases relate to commercial property.

The Group does not have the option to purchase the leased assets at the end of the lease period.

11. Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks. Cash and cash equivalents at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

| | Consolidated Half-year ended 31 December 2011 \$'000 | Consolidated Half-year ended 31 December 2010 \$'000 |
|---------------------------|---|---|
| Cash and cash equivalents | 140,047 | 40,865 |
| | <u>140,047</u> | <u>40,865</u> |

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

| | Consolidated Half-year ended 31 December 2011 \$'000 | Consolidated Half-year ended 31 December 2010 \$'000 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit for the year | 45,315 | 20,360 |
| <i>Adjustments for:</i> | | |
| Loss on sale of property, plant and equipment | 902 | 625 |
| Net foreign exchange gain/(loss) | (2) | (227) |
| Depreciation | 19,015 | 16,526 |
| Operating profit before changes in working capital and provisions | <u>65,230</u> | <u>37,284</u> |
| Change in trade and other receivables | (39,507) | 46,891 |
| Change in provision for doubtful debts | (32) | (143) |
| Change in inventories | (2,934) | (1,319) |
| Change in other assets | 5,118 | 1,258 |
| Change in trade and other payables | 62,844 | (39,943) |
| Change in provisions and employee benefits | 10,090 | 894 |
| Change in provision for income tax | 21,739 | 1,705 |
| Change in deferred tax balances | (8,646) | 1,144 |
| Net cash from operating activities | <u>113,902</u> | <u>47,771</u> |

(c) Non-cash investing activities

During the year the group acquired \$37,185,305 (1HY 2011 \$12,877,050) of equipment under finance lease. These acquisitions will be reflected in the statement of cash flows over the term of the finance leases via repayments of borrowings and finance leases.

12. Borrowings

During the period, the Group obtained additional asset financing facilities increasing by \$120 million. The facility is available by way of finance lease, operating lease, hire purchase agreement or secured progressive draw. The margin on any rental agreement entered into during the availability period is 2.70%pa.

13. Subsequent events

There has been no significant event that has occurred between the balance date and the date of this report that has significantly affected, or may significantly affect the operations of the economic entity, the results of these operations or the state of affairs of the entity in future periods.

14. Unincorporated Joint Ventures

The Group has in the half year ended 31 December 2011 been a party to the following jointly controlled operations. These have been accounted for using the proportionate method.

| Name of Venture | Principal Activity | Group Interest | |
|--|---|----------------|------|
| | | 2011 | 2010 |
| NRW VDM Joint Venture | Mine Asset Development (earthworks) and Breakwater Construction. | 50% | 50% |
| LJN Consortium | Asset Development Projects (camps rail etc). | 33% | 33% |
| NRW NYFL Joint Venture | Car Dumper and Bulk Earthworks at Cape Lambert Port B Project. | 50% | 50% |
| NRW Eastern Guruma Joint Venture | Mining and haulage of Section 10 iron ore deposit and Western Turner Brockman Bulk Earthworks. | 50% | 50% |
| NRW Ocean to Outback Joint Venture | Hope Downs Village construction. | 50% | - |
| Midwest Rail Joint Venture | Bulk earthworks and rail upgrade of existing 92km rail, from Mullewa to Tilley Siding, for ore haulage. | 50% | - |
| City East Alliance | Upgrade of Great Eastern Highway. | 15% | - |
| NRW, Eastern Guruma and NYFL Joint Venture | Provision of Early Mining Services – Solomon Phase 1 for Fortescue Metals Group Limited | 50% | - |

Unincorporated Joint Ventures

Financial Information

| | Consolidated | |
|---|--------------|--------|
| | 2011 | 2010 |
| | \$'000 | \$'000 |
| <u>Statement of Financial Performance</u> | | |
| Revenue | 149,282 | 51,746 |
| Expenses | 145,493 | 51,879 |
| <u>Statement of Financial Position</u> | | |
| Current assets | 80,800 | 26,040 |
| Non-current Assets | 790 | - |
| Current Liabilities | 83,575 | 25,334 |
| Non-current Liabilities | - | 250 |

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

We have reviewed the accompanying half-year financial report of NRW Holdings Limited, which comprises the condensed statement of financial position as at 31 December 2011, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 13 to 27.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the NRW Holdings Limited's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NRW Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of NRW Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of NRW Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


DELOITTE TOUCHE TOHMATSU



A T Richards

Partner

Chartered Accountants

Perth, 24 February 2012