



2016

ANNUAL REPORT

CORPORATE REGISTRY

DIRECTORS

Michael Arnett
Chairman and Non-Executive Director

Julian Pemberton
Chief Executive Officer and Managing Director

Jeff Dowling
Non-Executive Director

Peter Johnston
Non-Executive Director

Dr Ian Burston
Non-Executive Director

COMPANY SECRETARY

Kim Hyman

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SHARE REGISTRY

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ASX CODE

NWH – NRW Holdings Limited

Fully Paid Ordinary Shares

www.nrw.com.au



NRW BOARD OF DIRECTORS'



Michael Arnett
Chairman 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)



Julian Pemberton
Chief Executive Officer and Managing Director

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

Mr Pemberton has been involved in both the resources and infrastructure sectors over 20 years. 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.



Jeff Dowling
Non-Executive Director

Mr Dowling was appointed as Non-Executive Director in 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 of Sirius Resources NL (Resigned 23 September 2015)
- Pura Vida Energy NL (Resigned 16 May 2016)
- Non-Executive Director of Atlas Iron Limited (Resigned 4 May 2016)
- Chairman of S2 Resources Limited (Current)



Peter Johnston
Non-Executive Director

Mr Johnston was appointed as Non-Executive Director in 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.

Mr Johnston 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)





ANNUAL REPORT

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CHAIRMAN'S MESSAGE



As Chairman of NRW Holdings, and on behalf of my fellow Directors, I am pleased to present the NRW Holdings Annual Report for 2016. In the last 12 months, NRW has delivered on our commitment to shareholders to return the Company to profitability and has continued its diversification strategy into the infrastructure market.

Returning to profitability

The group's Net Profit After Tax (NPAT) recovered to \$21.5 million in FY16, on a revenue of \$288 million. The reduction in revenue from FY15 (\$775.9 million) is attributed to the completion of a number of large civil projects throughout the year.

We have successfully achieved a 40% decrease in overhead costs for FY16, and a reduction of \$48.3 million in net debt during the year, to \$59.3 million at 30 June 2016. By remaining focused on reducing our cost base, our Company has been repositioned to respond strategically to changing market conditions.

The Board is focused on the continued stabilisation of the business, and building a solid foundation for future growth prospects. With this in mind, the Board has elected that a dividend will not be declared for the year ending 30 June 2016.

Looking forward

With a healthy forward order book and a strong reputation for project excellence, NRW is well positioned to capitalise on the positive growth outlook for government infrastructure projects and the expected stabilisation of the resources sector in Australia. The award of the iconic Forrestfield-Airport Link project with our Joint Venture partner will provide NRW with greater financial strength and stability over the next four years.

The award of several civil and mining contracts throughout the year has enabled our Company to offer re-employment opportunities to many ex-employees. This is a pleasing result as the mobilisation of experienced and skilled personnel further strengthens our reputation for the successful delivery of our Clients' projects.

Board and governance

A number of changes were made to the Board during the year. On 23 November 2015 Non-Executive Director, Mr. John Cooper resigned from the Board and in June 2016 Dr. Ian Burston retired from the Board. Ian was Chairman of the Board from the Company's ASX listing in 2007 through to earlier this year when he stepped down to take a Non-Executive Director role. Both Directors provided invaluable insight and counsel to our Company, and we wish them both all the very best.

Joining the Board as a Non-Executive Director from the beginning of FY17 is Mr. Peter Johnston, who brings a wealth of knowledge and experience, having served on the Boards of several national and international companies.

Our people

The return to profitability of our Company would not have been possible without the commitment of our people. I would like to extend my appreciation to employees and management for their strong work ethic and dedication over the past year.

The Board and the management team remain confident about the future outlook for our Company. The group enters the new financial year with a work-in-hand position of approximately \$1 billion, which will provide a stable revenue base to enable future growth of our Company.

I look forward to strengthening our Company's financial position in the year ahead while maintaining our solid reputation for project excellence.

Michael Arnett
Chairman
NRW Holdings Limited

CEO YEAR IN REVIEW



I am pleased to report a recovery in the underlying financial performance of the business, achieved against continuing challenges in the sector. During the year we returned to profitability, significantly reduced our debt profile, and also capitalised on key diversification strategies.

Highlights

- Revenue of \$288 million
- EBITDA of \$47.4 million; EBITDA margin 16.4%
- Net Profit after Tax of \$21.5 million, and Earnings per share of 7.7 cents
- New work secured in the year of \$577 million increasing the order book to circa \$1 billion
- Significant reduction in Net Debt to \$59.3 million from \$107.6 million at June 2015
- Improved gearing ratio of 39.6% compared to 83.8% at June 2015
- Cash holdings increased to \$37.2 million
- Debt rescheduling agreement finalised with NRW's banking group
- Asset utilisation currently at 81%
- Overhead costs reduced by around 40%, compared to same period last year

NRW reported revenues of \$288.0 million, which were lower than last year (\$775.9 million) due to the completion of a number of major Civil projects in FY15. Net Earnings recovered to \$21.5 million after the loss booked in FY15 of \$229.8 million, (which included a major contract loss and asset impairment charges). The recovery in performance was due to improved project

performance, and significant reductions to the overhead cost base. The result includes a tax credit primarily due to the return to profitability.

Operational Performance

The Group's Civil and Mining business generated earnings before tax in the reporting period of \$18.1 million, compared to a loss of \$253.1 million in FY15, which was attributed to a major contract loss and asset impairment charges. Revenues in the Civil and Mining business of \$203.6 million were down on last year (\$694.1 million) mainly due to the completion of major civil projects and the shortage of new project opportunities during the year. To bring the magnitude of the slowdown in civil work into context, we delivered revenues during the year of circa \$30 million, whereas at our peak, we delivered around \$30 million in revenue per fortnight. The low level of civil activity during the 2016 financial year has not been experienced by the Company since the early 2000's.

The Civil Division did, however, secure several important contracts during the second half of the year. Most significantly, we were awarded a landmark government infrastructure project for the Public Transport Authority of Western Australia (PTA) in the \$1.2 billion Forrestfield-Airport Link project, in a joint venture with Salini Impregilo. This four-year project provides NRW a significant opportunity to upskill its capabilities and reputation within the urban infrastructure space. Other new work secured through the year included Yandi Oxbow and Nammuldi Waste Fines Storage for Rio Tinto Iron Ore (RTIO). The Civil team also re-entered the Queensland market through the award of a contract by a new client, Rio Tinto Coal.



During FY16 the Civil Division completed work on the Roy Hill Concrete Project, further development work for RTIO on the Nammuldi Iron Ore site and completed the Ravensthorpe Heavy Haulage route for Main Roads Western Australia (MRWA). The division also safely completed the Solomon Trinity Overpass for Fortescue Metals Group. The Mining Division performed well during the year, with the highlight being the award of the Nammuldi contract to mine, crush and haul up to 10 million tonnes of ore per annum for long-standing client RTIO. The two-year contract has a value of approximately \$140.0 million and demonstrates the strength of our relationship with Rio Tinto and our proven track record of delivery.

The Mining team continued to support the Middlemount Coal Mine for Middlemount Coal Pty Ltd (MCPL) during the year, and completed the Iron Bridge Magnetite project for Ironbridge Operations; a Fortescue Metals Group led group venture which includes Taiwan's Formosa Group and China's Baosteel Group.

New work secured across the Civil and Mining business during FY16 totalled \$441.0 million.

The Drill and Blast business reported revenue of \$81.9 million at year-end, slightly below last year (\$85.9 million). The division experienced a challenging first half however improved its margin through the commencement of new projects during the second half. Improved project delivery and cost savings resulted in earnings before tax of \$2.3 million, compared to \$1.0 million in FY15.

The business secured \$122.0 million in long-term contracts during the year including St. Ives Gold Mine for Gold Fields, Isaac Plains Coal Mine for Golding Contractors and a three-year contract extension for drilling services at the Middlemount Coal Mine for MCPL.

The AES business operated on a cash neutral basis during the financial year, following a further 12 months of low demand for service vehicles and water trucks. Revenue in the division reduced to \$13.6 million at 30 June 2016, compared to \$15.3 million in the prior comparative period. The business sustained a \$1.4 million loss, which was slightly better than the FY15 loss of \$2.0 million (pre-impairment expenses). The market is showing some signs of improvement for workshop services. The management team will remain focused on driving cost reduction initiatives and efficiency improvements in the division during FY17.

People and Safety

NRW is committed to building and retaining a high-performing workforce. At the end of FY16 our workforce levels have remained fairly consistent with 832 personnel retained as at 30 June 2016 (FY15 – 846).

The Health and Safety of our employees remains our primary business objective. The importance of every employee having 'A safe day. Every day.' cannot be overstated. During the year our Lost Time Injury Frequency Rate



CEO YEAR IN REVIEW CONTINUED

has risen slightly to 0.60 injuries per million hours worked (FY15: 0.19).

As our clients continue to seek outcomes that deliver lower unit costs, we remain focussed on improving systems within the business to ensure we are operating as efficiently as possible. The business has achieved significant gains in this space across the Mobilisation, Safety, and Training areas.

Outlook

The two key markets in which NRW operates, resources and infrastructure, are starting to show some signs of stability, leading to an increase in tender opportunities, particularly over the past few months.

Despite an improving sentiment, our clients continue to strive for lower operating costs and improved productivity, while they continue to minimise capital expenditure on expansion works. Against this challenging backdrop, it is pleasing to have secured a number of civil contracts in the resources sector. Our Mining business has ongoing contracts with Middlemount Coal Pty Ltd and Rio Tinto which extend beyond the end of the new financial year and several opportunities particularly in coal, gold, and the emerging lithium market to secure additional work. The Drill and Blast business has won several key long-term projects in gold and coal during the year and has a number of identified opportunities together with the capacity to grow revenues in FY17.

In infrastructure, we secured the four-year \$1.2 billion Forrestfield-Airport Link contract for the Public Transport Authority of Western Australia in joint venture with Salini Impregilo (SI).

The SI-NRW joint venture has recently been shortlisted to bid for the Northlink WA Stage 3 works for Main Roads Western Australia (MRWA). While both of these projects are in WA, there are other major infrastructure projects nationally which NRW intends to target through similar partnership models.

NRW's forward order book totals circa \$1 billion of which \$325 million is secured revenue for delivery during FY17 and a further \$261 million secured for delivery in FY18, which provides NRW a stable revenue base that positions the company for growth over the next two to three years.

Bid activity is robust, however, the tendering landscape remains highly competitive. The tender pipeline is currently assessed at \$2.7 billion.

I would like to extend my thanks to each and every member of the NRW Holdings family for your tremendous dedication to the Company in the last 12 months.

I would also like to express my appreciation to the Board and my senior management team for their support.



Jules Pemberton
CEO and Managing Director
NRW Holdings Limited

CFO REPORT

Financial Overview

NRW reported Net Earnings of \$21.5 million and Earnings before Interest Tax, Depreciation and Amortisation (EBITDA) of \$47.4 million in the year. The result compares to a loss of \$229.8 million in the previous financial year, (which included a major contract loss and asset impairment charges). The recovery in performance was due to improved project delivery and significant reductions to the overhead cost base. Net Earnings include a tax credit, due to further recognition of tax assets not previously brought to account.

Cash holdings at year end improved to \$37.2 million (FY15 \$34.6 million). The Group repaid \$45.8 million of borrowings, reducing debt to \$96.5 million at 30 June 2016. Net debt improved by \$48.3 million to \$59.3 million (FY15 \$107.6 million). Improved cash generation and the positive earnings result improved the gearing ratio to 39.6%, compared to 83.8% at June 2015.

Net assets increased to \$149.8 million, (\$128.4 million FY15) representing net assets of 53 cents per share. There were no major changes in the level of working capital in the year, consequently cashflow matched EBITDA, less expenditure on capital equipment.

Major cash movements in the year included the settlement payment from Samsung on the Roy Hill Rail project, which was used to meet final project plant hire costs and accrued staff entitlements.

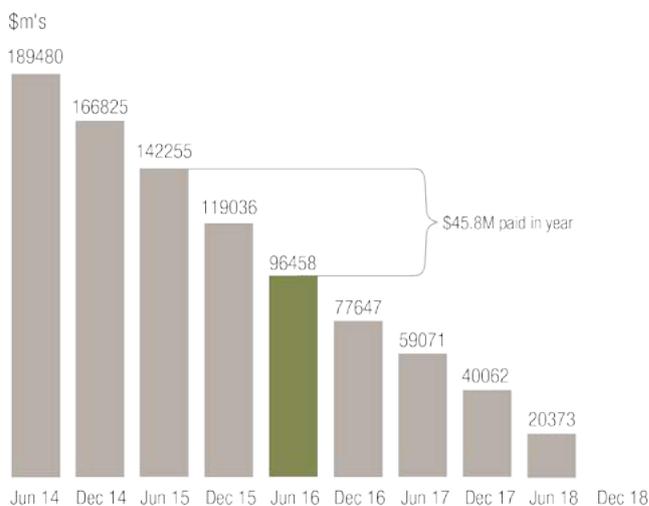
Capital expenditure at \$9.1 million was focused on major component replacement for the mining and drilling fleets.

The company brought to account additional deferred tax assets in the year, resulting in a \$7.3 million income tax benefit. Deferred tax assets relating to losses totalled \$29.0 million. A further \$31.7 million of tax losses are recognised as contingent assets.

Debt Rescheduling

During the year, the Company successfully negotiated a debt rescheduling agreement with its banking group. The agreement reschedules \$102.8 million of debt as at April 2016 over 33 monthly instalments. Under the agreement all debt will be repaid by the end of the 2018 calendar year.

Debt profile to maturity



A man with a mustache, wearing safety glasses and a yellow high-visibility shirt, is looking upwards and to the right. The background is dark with some orange and red structural elements, possibly from a construction site or industrial setting. The image is partially obscured by a dark grey overlay on the left side where the text is located.

Net profit
after tax
\$21.5M

Cash holdings
increased to
\$37.2M

Significant net
debt reduction to
\$59.3M

Revenue of
\$288M





NRW CIVIL

Overview

In the 2016 financial year, the Civil Division successfully secured work in a highly competitive market through the award of a major project in the urban infrastructure space, as well as new contracts with global resource companies.

Operations

Notable operational highlights for the Civil business during the past year included further development work for Rio Tinto on the Nammuldi site, the completion of the Roy Hill Concrete project, and construction of the Solomon Trinity Overpass for Fortescue Metals Group. At the end of 2015, the Civil team joined the Minister for Transport for the official opening of the Ravensthorpe Heavy Haulage Route for Main Roads Western Australia (MRWA).

Following a five-month tender phase, the Civil team succeeded in securing the Forrestfield-Airport Link project for the Public Transport Authority of Western Australia (PTA), despite robust market competition. The four-year, \$1.2 billion contract was awarded to a joint venture comprising NRW (20%) and Salini Impregilo of Italy (80%). The scope of works for this design and construct project includes an 8.5km extension of the existing PTA urban rail network and maintenance of the infrastructure for 10 years. The project will see the joint venture build two twin rail tunnels below the Swan River and Perth Airport, and construct three new rail stations – Belmont, Airport Central, and Forrestfield. The award of the Company's first metro rail project strongly aligns with the division's diversification strategy into

the urban infrastructure space, building on previous work undertaken for MRWA.

The business demonstrated its strong reputation with major resource clients with the announcement of two projects awards for Rio Tinto in the latter half of the year, with a collective value of \$41.0 million. The contract wins were the Nammuldi Waste Storage Facility and Yandi Oxbow, the latter being a part of a programme of work to sustain production at the Yandi mine. The Civil Division also re-entered the Queensland market, securing the Kestrel Mine Ventilation Shaft Access Road project for a new client, Rio Tinto Coal.

Outlook

The Division remains focussed on realising opportunities in both the resource and government infrastructure sectors. The business will continue to pursue iron ore based projects with traditional clients such as Rio Tinto, Fortescue Metals Group, and BHP Billiton Iron Ore, and actively expand their commodity base. The business has been invited to provide proposals for clients involved in the bauxite, gold and lithium sectors.

The Division is building on its relationship with Salini Impregilo to pursue large government infrastructure projects. The joint venture has been successfully shortlisted to bid by MRWA to provide a design and construct proposal for the NorthLink Western Australia Stage 3 project, which is expected to commence early 2017. The Business will continue this diversification strategy by focusing on appropriate rural and urban infrastructure projects throughout Australia.



NRW MINING

Overview

The resource sector experienced another year of challenging conditions during FY16, with few new mines being developed, and many new projects postponed or abandoned as mine development funding became harder to obtain. Operational mines focussed on cost reduction activities and contract retendering to reduce production costs, resulting in intense competition for mining contract work. Despite these competitive market conditions, the Mining Division achieved an increase in turnover from previous years and continued to work on projects for major resource clients.

Operations

During the year the Mining Division continued to support Middlemount Coal Pty Ltd in providing the mining fleet and full maintenance services to the Middlemount mine. The contract, extended in February 2015 by a further three years, has a completion date of June 2020 and provides financial stability to the revenue base of the division. The project team continues to deliver a high standard of work at Middlemount, with all targets achieved.

At the Nammuldi Incremental Tonnes project for Rio Tinto Iron Ore, the scope includes all mining activities including drill and blast, mining, road haulage and crushing at a rate up to 10 million tonnes of high-grade iron ore per annum.

Towards the end of the financial year, the division completed works on the North Star Bulk Earthworks project for Ironbridge Operations, a Fortescue Metals Group led joint venture. The NRW project team boasted an impressive safety record with no recordable injuries for the life of the project. One million tonnes of ore passed through the processing plant during the project, while the NRW team won the Project of the Quarter safety award five times.

Outlook

Despite the lead time remaining long for project developments, the resource sector has commenced a flow of mine expansion announcements and new projects that NRW is competitively pricing, and will look to convert these to new contracts.

The Mining Division continues to target new commodities including lithium, graphite, and phosphate; all of which are currently receiving significant market attention.





Overview

Action Drill & Blast (ADB) provides integrated drilling and blasting services to mining and civil projects across Australia.

In FY16, the drill and blast business secured two new long-term contracts at St Ives Gold Mine, Isaac Plains Coal Mine, and a three-year contract extension for drilling services at Middlemount Coal Mine.

In the current market, resource companies remain focussed on reducing costs while increasing productivity. Action Drill & Blast has demonstrated its strength and stability as the leading specialist drill and blast contractor in Australia by delivering production efficiencies and cost savings to their clients while maintaining a consistently high level of safety performance; as evidenced by remaining lost time injury free, company-wide, for over four years.

During 2016, Action Drill & Blast achieved:

- Contract awards totalling more than \$122.0 million, including long-term contracts at St Ives Gold Mine, Isaac Plains Coal Mine, and Middlemount Coal Mine
- 2,000 days LTI free at Middlemount Coal Mine
- Indigenous employee rate of 8% - exceeding client and business targets
- Recertification of safety (OHSAS 18001, AS4801) and quality (ISO9001) systems

- Continuation of employee recognition program; In 2015 ADB's founding personnel achieved five years' service, to date over 50 employees have reached this milestone
- High participation of the Employee Reward and Recognition program, You Rock!; ensuring the team remains focussed on ADB's values of Safety, Integrity, Teamwork and Innovation

Outlook

During FY16 there has been an improvement in the tender pipeline for the drill and blast business, to over \$650.0 million as at 30 June 2016. Tender opportunities include projects in ADB's core focus areas including coal, gold, iron ore and lithium.

The drill and blast business will continue to be responsive and opportunistic towards market conditions. The company remains focused on developing existing markets further, retaining their experienced employee base and delivering service excellence to their clients.



Action
Drill & Blast

Action
Drill & Blast







Overview

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

Although revenue was down in FY16 from FY15 and cash levels sit roughly at breakeven point, AES sustained a smaller loss in FY16. This result is due to a restructure that took place to better align overhead costs with revenue streams.

In FY16 the demand for service and water trucks continued to be subdued due to the downturn in the mining and civil industries. Many companies are consolidating, leaving less capital to spend on equipment replacement, thereby increasing the continued use of old equipment. This trend of businesses holding onto older equipment for longer has led to some growth for AES workshop services.

Outlook

Pleasingly, the AES client base has increased, as the division became the preferred service provider for two major companies.

The management team remains focused on driving cost reduction initiatives to increase profitability and improvement efficiency in the business.

HUMAN RESOURCES

Overview

NRW's employees are critical to its success. During the past year, the Company continued to maintain a strong focus on strengthening the effective and consultative relationship it has historically enjoyed with its workforce. This positive rapport is evidenced by our excellent industrial record during the year, with no lost time experienced due to industrial disputation.

New work secured by the Group during FY16 has afforded many re-employment opportunities for past employees. NRW has worked hard to ensure that these valued past members of the organisation are provided with an opportunity to work with the Group once again. We look forward to re-engaging even more former employees as our forward order book grows in FY17, and we begin to mobilise to new projects.

NRW's labour agreements have provided the flexibility to remain competitive in the current environment while still maintaining rates of remuneration that are competitive in the marketplace.

HR SYSTEMS

The backbone of NRW's people systems 'Our People And Logistics' (OPAL) has continued to be an invaluable product to identify candidates for work as well as driving the foundation of the Payroll and Human Resources reporting system. The OPAL system remains capable of catering to both small-scale and large-scale mobilisation and people management.

During the year there has been a review of mobilisation processes and systems to ensure ongoing improvement in service, as well as the speed of response to recruitment needs. As a result, the Group has realised efficiency improvements in the mobilisation of personnel to site, allowing the business to accomplish rapid mobilisation schedules from our clients.

INDIGENOUS ENGAGEMENT

NRW attained a peak Indigenous employment level of 6.93% across the group during FY16. The business has achieved greater than 80% retention rates of our Indigenous employees.

The award of the Forrestfield-Airport Link project has led to the establishment of a meaningful relationship between NRW and the Nyoongar Chamber of Commerce and Industry (NCCI). Over the four-year term of the project, NRW will work in close collaboration with the NCCI and the traditional owners of the land in Perth, the Whadjuk and Nyoongar people, to provide procurement and direct employment opportunities to Indigenous businesses.



NRW

JODI

NRW

A safe day. Every day.



HEALTH, SAFETY ENVIRONMENT & TRAINING

HEALTH & SAFETY

NRW is committed to eliminating injuries and incidents from the workplace, and our efforts are continuing to have a genuine impact on both our Total Recordable Injury Frequency Rate (TRIFR) and our Lost Time Injury Frequency Rate (LTIFR), which remained low during FY16. The TRIFR at 30 June 2016 was 7.19, which is higher than FY15 but consistent with industry rates. The LTIFR for the year was 0.60 injuries per million hours worked, compared to the FY15 result of 0.19.

With a leader-led approach to safety, we remain focused on achieving A safe day. Every day.

The Group continues to pursue an industry-leading safety record driven by robust systems and processes and transparent reporting metrics.

To help our employees work more safely in FY16, our key strategies are:

- Continuous improvement of processes that assist with identification and control of hazards that contribute to hand and ankle injuries
- Introducing technology and improved work methods to remove personnel from the line-of-fire

- Increasing functional demand assessments to identify areas where mechanical aids can be introduced to alleviate manual handling risks
- Continued focus on work, health and safety behaviours to strengthen and improve our safety culture

Innovative approaches to reducing risk

During the last financial year, the Group implemented innovative programs to reduce exposure to high-risk activities.

Our maintenance team at the Nammuldi mine site have introduced cameras for use in testing and commissioning activities on fixed assets. This initiative allows commissioning and testing activities to occur without having someone in the footprint providing feedback to the operator and removes that person from potential harm. This initiative is undergoing an assessment for implementation company-wide.

The Plant Department have been assessing how our employees can work more safely at heights. The department has been working with project maintenance personnel to build lightweight edge protection rails to reduce impact and apply the hierarchy of controls.

These rails can be easily installed to protect maintenance workers performing everyday tasks.

HEALTH, SAFETY, ENVIRONMENT & TRAINING CONTINUED

ENVIRONMENT

At NRW our operations provide a broad range of environmental responsibilities, which the Company is committed to ensuring are managed and mitigated.

We manage these environmental responsibilities through our ISO 14001:2004 accredited environmental management system. These systems are supported by a multi-tiered environmental governance structure, which incorporates:

- Subject matter experts in individual projects when required
- Corporate personnel responsible for providing specialist input and coordinating resources nationally

TRAINING

The NRW Training Department remained focused during the year on creating value for our clients by delivering best-for-project outcomes. Following a review of current training materials and their modes of delivery during the year, two new systems were implemented to improve efficiencies in key operational areas.

The first being a mobile platform which can be used in the field by trainers to assess and verify competencies of employees. The platform has replaced the need for paper-based forms, and considerably increases the accuracy of

training records. The second system is a Learning Management System which is used to deliver inductions and other training requirements online.

Post-implementation reviews of both systems have indicated improved efficiency, user experience, and accuracy of records. Both systems have provided cost savings to the business including a reduction in licence fees, automated data transfer and the ability to create and modify training materials in-house.



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FINANCIAL REPORT

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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 2016.

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

Chairman 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 in 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.

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- Pura Vida Energy NL (Resigned 16 May 2016)
- Non-Executive Director of Atlas Iron Limited (Resigned 4 May 2016)
- Chairman of 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 in 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)

Dr Ian Burston

Independent Non-Executive Director

Dr Ian Burston resigned as Chairman on 9 March 2016 and resigned from the board on 30 June 2016.

His career includes former positions as Managing Director of Portman Limited, Managing Director and Chief Executive Officer of Aurora Gold Ltd, Chief Executive Officer of Kalgoorlie Consolidated Gold Mines Pty Ltd, Vice President – WA Business Development of CRA Ltd and Managing Director of Hamersley Iron Pty Ltd.

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

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

- Non-Executive Director, Mincor Resources NL (Resigned June 2016)
- Chairman and Non-Executive Director, Kogi Iron (formerly Energio Limited) (Current)

Company Secretary

Mr Kim Hyman was appointed to the position of company secretary on 10 July 2007. Mr Hyman has responsibility for company secretarial services and co-ordination of general legal services, as well as the risk management portfolio.

Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the company during the financial year are:

Director	Directors' Meetings Attended	Directors' Meetings Held
Michael Arnett	10	11
Jeff Dowling	11	11
Julian Pemberton	11	11
Ian Burston	10	11
John Cooper	6	11

Remuneration and Nomination Committee

The Members of the Nomination & Remuneration Committee are Michael Arnett (Chairman), Ian Burston and John Cooper. During the 2016 financial year two meetings of the Committee were held. Certain responsibilities of the Committee were also considered at Board Meetings as required.

DIRECTORS' REPORT CONTINUED

Audit and Risk Committee

The Committee Members are Jeff Dowling (Chairman), Michael Arnett and John Cooper. During the 2016 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 & 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 of \$288.0 million, which were lower than last year (\$775.9 million) due to the completion of a number of major Civil projects in FY15. Net Earnings recovered to \$21.5 million after the loss booked in FY15 of \$229.8 million, (which included a major contract loss and asset impairment charges). The recovery in performance was due to improved project performance and significant reductions to the overhead cost base. The result includes a tax credit primarily due to the return to profitability.

Cash holdings at year end improved to \$37.2 million (FY15 \$34.6 million) whilst debt reduced by \$45.8 million in the year to \$96.5 million at 30th June 2016. Consequently the gearing ratio improved to 39.6% (June 15 – 83.8%).

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).

	FY16		FY15	
	Revenue	Earnings	Revenue	Earnings
	\$M	\$M	\$M	\$M
NRW Civil and Mining	203.6	18.1	694.1	(253.1)
Action Drill & Blast	81.9	2.3	85.9	1.0
AES Equipment Solutions	13.6	(1.4)	15.3	(23.3)
Eliminations	(11.1)		(19.4)	
Corporate costs unallocated		(4.4)		(15.7)
Interest costs in segment result	-	9.3	-	12.7
Total Statutory Revenue/ Earnings before Tax and Interest	288.0	23.9	775.9	(278.3)
Share of loss in associates		(0.8)		(0.5)
Net finance costs		(8.9)		(11.5)
Income tax benefit		7.3		60.5
Profit / (loss) for the year		21.5		(229.8)

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.

Activity in the year on Civil projects included the completion of work on the Roy Hill Concrete Project, further development work for Rio Tinto on the Nammuldi Iron Ore site and completion of the Ravensthorpe Heavy haulage route project for Main Roads. Civil activity was low through the year however a number of new projects were secured which will increment activity in following years. The most significant of these project awards was the Forrestfield–Airport Link project for the Public Transport Authority (PTA) of Western Australia. The contract valued at \$1,176 million was awarded to a joint venture comprising NRW (20%) and Salini Impregilo (SI) of Italy (80%). Other projects secured in the year include the Yandi Oxbow contract for Rio Tinto which is part of a programme of work to sustain production at the Yandi mine valued at approximately \$30 million.

The Mining business continued to support Middlemount Coal and provide a range of mining services to the North Star Magnetite project. The business secured a project for Rio Tinto to provide contract mining and ore haulage at the Nammuldi mine. The contract has a value of circa \$140 million over a 24 month term.

Revenues in the Civil and Mining business of \$203.6 million were down on last year (\$694.1 million) due to the completion of a number of major civil projects in FY15. The business generated earnings before tax of \$18.1 million compared to loss of \$253.1 million in FY15.

Action Drill & Blast

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

The business secured two new long term contracts at St. Ives for Goldfields and Isaac Plains for Goldings Contactors and a three year contract extension for drilling services at Middlemount. Revenues at \$81.9 million were only slightly below last year (\$85.9 million). Improved margin delivery and cost savings resulted in improved earnings before tax of \$2.3 million compared to \$1.0 million in FY15, despite lower activity.

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 reduced to \$13.6 million compared to \$15.3 million in the prior comparative period reflecting a continued downturn in market activity particularly for service vehicles and water trucks. Whilst AES continues to operate at around break even cash levels the business sustained a \$1.4 million loss, compared to a loss of \$2.0 million in FY15 before impairment. Cost reduction initiatives remain a focus for the management team however improved profitability remains dependant on activity increases to improve utilisation of relatively fixed infrastructure.

BALANCE SHEET, OPERATING CASH FLOW AND CAPITAL EXPENDITURE

Net assets increased to \$149.8 million, (\$128.4 million FY15) representing net assets of 53 cents per share. There were no major changes in the level of working capital in the year consequently cashflow matched EBITDA less expenditure on Capital equipment. Major cash movements in the year included the final settlement payment from Samsung on the Roy Hill Rail project which was mostly used to meet final plant hire costs and accrued staff entitlements. Net debt improved by \$48.3 million to \$59.3 million (FY15 \$107.6 million). Capital expenditure at \$9.1 million mostly related to major component replacement for the mining and drilling fleets.

The company has brought to account additional deferred tax assets in the year and consequently a \$7.3 million income tax benefit has been recognised. Deferred tax assets mostly relating to prior year losses total \$33.3 million. A further \$31.7 million of tax assets are recognised as contingent assets.

During the year the company successfully negotiated a debt rescheduling agreement with its banking group. The agreement reschedules \$102.8 million of debt as at April 2016 over 33 monthly instalments.

The company is in full compliance with its banking covenants as at 30 June 2016.

The reduction in net debt and improved net asset position resulted in an improved gearing ratio of 39.6% compared to 83.8% at June 2015.

PEOPLE AND SAFETY

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 remained stable through the year at 832 (30 June 2015 - 846) but are expected to increase as work ramps up on recently awarded civil projects.

DIRECTORS' REPORT CONTINUED

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) for the year is 0.60 compared to 0.19 at June 2015.

ENVIRONMENTAL REGULATIONS

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

RISK MANAGEMENT

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

OUTLOOK

The two key markets in which NRW operates, resources and infrastructure are starting to show some signs of stability and we are now experiencing an increase in tender opportunities, particularly over the past few months.

Despite an improving sentiment our clients continue to strive for lower operating costs and improved productivity whilst they continue to minimise capital expenditure on expansion works. Against this challenging backdrop it is pleasing to have secured a number of civil contracts in the resources sector. Our Mining business has ongoing contracts with Middlemount Coal and Rio Tinto which extend beyond the end of the new financial year and have several opportunities particularly in coal, gold and the emerging lithium market to secure additional work. The drill and blast business has won several key long term projects in gold and coal during the year and has a number of identified opportunities together with the capacity to grow further revenues in FY17.

In infrastructure we secured the four year \$1.2 billion Forrestfield Airport link contract for the PTA in joint venture with Salini Impregilo (SI) and the SI-NRW joint venture has recently been shortlisted to bid for the NorthLink Stage 3 works for Main Roads.

Whilst both of these projects are in WA there are other major infrastructure projects nationally which we intend to target through similar partnership models.

NRW's forward order book totals circa \$1 billion of which \$325 million is secured revenue for delivery during FY17 and a further \$261 million secured for delivery in FY18, which provides NRW a stable revenue base that positions the company for growth over the next two to three years.

Bid activity is robust, however the tendering landscape remains highly competitive. The tender pipeline is currently assessed at \$2.7 billion.

DIVIDEND

The directors have determined that no dividend will be paid out of retained profits at 30 June 2016 (2015 – nil).

SIGNIFICANT EVENTS AFTER PERIOD END

No 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.

DIRECTORS' INTERESTS

As at the date of this report, the relevant interest of each Director in the ordinary share capital of the company was:

Director	Ordinary Shares (NWH)
Michael Arnett	994,474
Jeff Dowling	250,000
Peter Johnston	50,000
Julian Pemberton	3,014,404
Ian Burston	329,492

Transactions between entities within the group and Director-related entities are set out in Note 7.4 to the financial statements.

DIRECTORS' REPORT CONTINUED

OPTIONS OVER UNISSUED SHARE OR INTERESTS

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

PERFORMANCE RIGHTS OVER UNISSUED SHARES OR INTERESTS

As at the date of this report, there are 2,613,750 Performance Rights outstanding (2015: 831,005).

Details of Performance Rights granted to executives as part of their remuneration are set out in the Remuneration Report on pages 10 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 22 of this report.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 7.5 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 7.5 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 \$354,411 (2015: \$280,104).

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 2016 for the following individuals, who are the 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
Dr I Burston	Non-Executive Director	Appointed 27 July 2007 Resigned 30 June 2016
Mr J Cooper	Non-Executive Director	Appointed 29 March 2011 Resigned 23 November 2015
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
Mr G Dunn	Chief Operating Officer	Appointed 1 July 2015 Resigned 9 December 2015

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 Arrangements	11
Executive KMP Remuneration Outcomes	12
Executive Director and Executive KMP Remuneration	13
Additional Statutory Disclosures	15

DIRECTORS' REPORT CONTINUED

1. REMUNERATION GOVERNANCE

NRW has established a Nomination and Remuneration Committee (N&RC) consisting of Michael Arnett (Chairman), Ian Burston and John Cooper. The N&RC is responsible for making recommendations to the Board on the remuneration arrangements for Non-Executive Directors and Executive KMP as set out in the N&RC Charter. The N&RC provides advice, recommendation and assistance to the Board with respect to:

- The remuneration of Non-Executive Directors, including the Chair of the Board;
- The remuneration policies which are designed to attract and retain Executives with the expertise to enhance the competitive advantage, performance and growth of NRW;
- Ensuring that the level and composition of Executive remuneration packages are fair, reasonable and adequate, and that the remuneration received by Executive KMP displays a clear relationship between the performance of the individual and performance of NRW;
- Termination and redundancy policies and the payments made to outgoing Executives;
- Disclosures to be included in the corporate governance section of NRW's annual report which relate to NRW's remuneration policies and procedures.

The N&RC is mandated to engage external and independent remuneration advisors who do not have a relationship with or advise NRW management. During the reporting period the N&RC did not engage any such advisors.

2. FIVE YEAR SNAPSHOT

Measure	2016	2015	2014	2013	2012
Market Capitalisation (30 June)	\$ 58.6 million	\$ 50.2 million	\$ 256.6 million	\$ 253.8 million	\$842.2 million
Share Price at end of year	\$0.21	\$0.18	\$0.92	\$0.91	\$3.02
Total Revenue	\$288.0 million	\$775.9 million	\$1,134.5 million	\$1,374.4 million	\$1,360.8 million
EBITDA	\$47.4 million*	\$(77.2) million*	\$123.0 million*	\$168.3 million	\$195.5 million
EPS	7.7 cents	(82.4) cents	15.9 cents	26.6 cents	34.8 cents
EPS Growth	n/a	n/a	n/a	(23.3%)	116%
Net Profit / (Loss) After Tax	\$21.5 million	\$(229.8) million	\$44.2 million	\$ 74.1 million	\$97.1 million
Interim Dividend paid	\$0.00	\$0.00	\$0.04	\$0.08	\$0.08
Final Dividend declared in respect of the year	\$0.00	\$0.00	\$0.05	\$0.05	\$0.10
Annual Total Shareholder Return (%)	17%	(80%)	11%	(67%)	15%

*Impairment charge also added back/excluded from EBITDA.

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;
- **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.

Incentive plan: A revised incentive plan has been developed to simplify the overall remuneration structure. The CEO and CFO can earn a cash based incentive by achieving specific objectives set by the N&RC and through the award of Performance Rights (Rights) based on achieving significant growth in Total Shareholder Return (TSR). The award of Rights is governed by the "NRW Holdings Limited Performance Rights Plan" approved by shareholders in 2011.

The remuneration structure which is reviewed annually was modified in the current financial year to recognise the specific challenges facing the business identified in last year's Directors Report namely a subdued market, outstanding resolution of the Roy Hill rail contract dispute with Samsung, a need to grow the order book, address debt repayment obligations and lower the business cost base.

One of the main changes implemented in the year was a \$550,000 reduction to the base salary of the

CEO and a revised incentive scheme structure. The CEO's base salary was revised to \$800,000 (FY15 \$1,350,000).

3.3 Award Levels Relative to Fixed Remuneration

The CEO can achieve a cash based incentive up to 50% of Base Salary (2015: up to 80%) and the award of Rights up to 75% of base salary (2015: up to 150%). The CFO can achieve a cash based incentive up to 44% of base salary (2015: up to 80%) and the award of Rights up to 66% of base salary (2015: up to 100%). The award of Rights to the CEO remains subject to shareholder approval which is to be sought 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 bonus payments to Performance Rights using a conversion rate which recognises the share price in the two months prior to any Rights issue 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

DIRECTORS' REPORT CONTINUED

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 2016 and comparable information for the previous year. Information is provided detailing: fixed remuneration, and cash based and share based incentives. As a result of a number of personnel changes in the direct reports to the CEO the 2016 incentive scheme participants were the CEO and CFO. It is likely that in the next financial year the incentive plan will be broadened.

The N&RC established, for the cash based component, Net Earnings and Liquidity as the critical performance objectives. Earnings for the year were above the target set by the N&RC. The liquidity objective required agreement of the debt rescheduling package which was also achieved. Other objectives related to cash based incentives set by the N&RC were not achieved in the financial year consequently 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.

Share based objectives were granted in two Tranches. Tranche 1 rights were dependant on increasing TSR by more than 200% of the one month VWAP ending 21st December 2015 (10 cents). The Tranche is subject to a retest in October 2017 at a higher TSR objective if the June 16 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 1,000,000 and to the CFO 742,500. The target was not met and will therefore be subject to a retest in October 17. A consequence of the failure to meet the June target is that the number of Rights subject to the retest is reduced. Consequently the CEO forfeited 250,000 Rights and the CFO forfeited 185,625 Rights.

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). If the Rights vest at 40 cents per share they would be valued at \$300,000 (CEO) and \$222,750 (CFO).

Tranche 2 Rights remain subject to achieving further growth in TSR by October 2017. The quantum of Rights granted based on a share price of 40 cents per share to the CEO were 750,000 and to the CFO 556,875. These Rights were also assessed at nil value using normal valuation methodology. If the Rights vest at 40 cents per share they would be valued at \$300,000 (CEO) and \$222,750 (CFO). The vesting date for Tranche 2 rights is the 31 November 2017.

Total LTI awards and expected vesting

	Maximum potential no. of Performance Rights	No. Rights forfeited	No. Rights expected to vest on 31 Oct 2017
Mr J Pemberton	2,246,739	746,739	1,500,000
Mr A Walsh	1,299,375	185,625	1,113,750
Mr W Fair	39,143	39,143	-
TOTAL	3,585,257	971,507	2,613,750

All prior year Rights have lapsed and no Rights vested in the year consequently no details are provided in this report on those grants. As some of the Rights awarded in prior years, which have now lapsed, included market based objectives a small share based payment cost was recognised valued at \$27,928 for the CEO and a further \$1,091 for other KMP's. Details of the basis for the cost were provided in the previous financial years report.

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.

The valuation methodology for TSR growth was a Monte-Carlo simulation. 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 the share price at the date of the award (5 cents), the duration of the award, the risk free interest rate (1.75%), share price volatility (60%), and Dividend Yield (nil).

DIRECTORS' REPORT CONTINUED

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

The table below sets out the remuneration outcomes for each of NRW's Executive KMP for the financial year ending 30 June 2016 and 30 June 2015.

Key Management Personnel	Year	Short Term Benefits					Post Employment Benefits	Other Long Term Benefits	Share Based Payments	Total
		Annual Base Salary (1)	Salary & fees	STI bonus	Leave (2)	Annual Leave (3)	Superannuation	Other (4)	Equity	
EXECUTIVE DIRECTORS										
Mr J Pemberton (5)	2016	800,000	1,004,647	300,000	514,278	(348,788)	19,308	(72,195)	27,928	1,445,178
	2015	1,350,000	1,310,776	-	-	102,499	18,783	21,295	36,678	1,490,031
EXECUTIVES										
Mr A Walsh	2016	675,000	655,693	222,750	-	5,020	19,308	-	-	902,771
	2015	675,000	600,729	-	-	50,403	18,783	-	-	669,915
Mr W Fair	2016	435,770	416,463	-	-	(11,285)	19,308	-	1,091	425,577
	2015	435,770	391,325	-	-	32,004	18,783	-	2,159	444,271
Mr K Hyman	2016	358,600	339,293	-	-	(1,435)	19,308	5,321	-	362,487
	2015	358,600	322,865	-	-	26,339	18,783	5,439	-	373,426
Mr D Donjerkovich (6)	2016	392,400	200,896	-	-	6,839	10,397	-	-	218,132
	2015	-	-	-	-	-	-	-	-	-
Mr M Gloyne (7)	2016	500,000	258,835	-	-	3,265	10,397	-	-	272,496
	2015	-	-	-	-	-	-	-	-	-
Mr G Dunn (8)	2016	600,000	290,346	-	-	(17,905)	9,654	-	-	282,095
	2015	-	-	-	-	-	-	-	-	-
Mr W Rooney (9)	2016	-	-	-	-	-	-	-	-	-
	2015	945,000	742,720	-	-	34,929	18,783	-	12,016	808,448
Total Compensated (Consolidated) – 2016	2016		3,166,173	522,750	514,278	(364,290)	107,679	(66,875)	29,019	3,908,735
Total Compensated (Consolidated) – 2015	2015		3,665,331	-	-	270,478	93,915	26,734	50,853	3,786,091

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.

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. Mr W Rooney resigned his employment as Managing Director NRW Civil & Mining effective 30th June 2015.

DIRECTORS' REPORT CONTINUED

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 \$125,000 and to Non-Executive Directors is \$100,000. The fees are unchanged from the previous financial year. 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 \$	Short Term Benefits		Post Employment Benefits	Total	
	Salary & fees	Non cash benefit	Superannuation		
NON-EXECUTIVE DIRECTORS					
Mr M Arnett (1)	FY16	106,250	2,078	10,625	116,875
	FY15	100,000	-	9,500	109,500
Mr J Dowling	FY16	100,000	232	9,500	109,500
	FY15	100,001	5,192	9,500	114,693
Dr I Burston (2)	FY16	121,731	1,588	11,564	134,883
	FY15	122,116	5,495	11,601	139,212
Mr J Cooper (3)	FY16	42,692	4,702	4,056	51,450
	FY15	100,001	4,454	9,500	113,955
NON-EXECUTIVE DIRECTORS' TOTAL	FY16	370,673	6,290	35,745	412,708
	FY15	422,118	15,141	40,10	477,360

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.

DIRECTORS' REPORT CONTINUED

Key Person	Held at 1 July 2014	Movements	Held at 1 July 2015	Purchases(1)	Other Movements	Held at 30 June 2016
Mr M Arnett	344,474	-	344,474	650,000	-	994,474
Mr J Dowling	90,000	-	90,000	160,000	-	250,000
Dr I Burston	329,492	-	329,492	-	-	329,492
Mr J Cooper	55,000	-	55,000	-	-	55,000
Mr J Pemberton	3,014,404	-	3,014,404	-	-	3,014,404
Mr A Walsh	-	-	-	-	-	-
Mr W Fair	35,775	-	35,775	-	-	35,775
Mr D Donjerkovich	-	-	-	-	-	-
Mr M Gloyne	-	-	-	-	-	-
Mr G Dunn	-	-	-	-	-	-
TOTAL	3,869,145	-	3,869,145	810,000	-	4,679,145

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

6. ADDITIONAL STATUTORY DISCLOSURES

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

Performance Rights Fair Value

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

End of Remuneration Report (Audited)

ROUNDING OF AMOUNTS

The amounts contained in this report and the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

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



Julian Pemberton
Chief Executive Officer and Managing Director



Michael Arnett
Chairman and Non-Executive Director

CORPORATE GOVERNANCE STATEMENTS

ASX GOVERNANCE PRINCIPLES AND ASX RECOMMENDATIONS

The Australian Securities Exchange Corporate Governance Council sets out best practice recommendations, including corporate governance practices and suggested disclosures. ASX Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the ASX recommendations and to give reasons for not following them.

Unless otherwise indicated the best practice recommendations of the ASX Corporate Governance Council, including corporate governance practices and suggested disclosures, have been adopted by the company for the full year ended 30 June 2016.

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 2016, and the main corporate governance practices in place are set out below.

Principle 1: Lay Solid Foundation for Management and Oversight

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

Key responsibilities of the Board include:

- approving the strategic objectives of the group and establishing goals to promote their achievement;
- monitoring the operational and financial position and performance of the group;
- ensuring the Directors inform themselves of the group's business and financial status;
- establishing investment criteria including acquisitions and divestments, approving investments, and implementing ongoing evaluations of investments against such criteria;
- providing oversight of the company, including its control and accountability systems;
- exercising due care and diligence and sound business judgment in the performance of those functions and responsibilities;
- considering and approving the group's budgets;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy and ensuring appropriate resources are available;

- ensuring that business risks facing the group are, where possible, identified and that appropriate monitoring and reporting internal controls are in place to manage such risks;
- approving and monitoring financial and other reporting; and
- ensuring the company complies with its responsibilities under the Corporations Act, the ASX Listing Rules, the company's Constitution and other relevant laws and regulations.

Principle 2: Structure of the Board to Add Value

BOARD COMPOSITION

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

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

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

The roles of the Chair and Managing Director are exercised by different individuals.

INDEPENDENT DECISION-MAKING

The Board agrees that all Directors should bring an independent judgement to bear in decision-making.

Accordingly, the Board:

- has adopted a procedure for Directors to take independent professional advice if necessary at the company's expense (with the prior approval of the Chairman, which will not be unreasonably withheld);
- as much as is reasonably practicable within the constraints of its current Board size and structure, sets aside sessions at its scheduled meetings to confer without management present;
- has described in the Board Charter the considerations it takes into account when determining independence.

CORPORATE GOVERNANCE STATEMENTS CONTINUED

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.

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
- Dr Ian Burston
- 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	9 years	2017 AGM
Mr Jeff Dowling	21 August 2013	3 years	2016 AGM
Mr Julian Pemberton	1 July 2006	9 years	Not Applicable
Dr Ian Burston (1)	27 July 2007	8 years	Not Applicable
Mr Peter Johnston	1 July 2016	0 years	2016 AGM
Mr John Cooper (2)	29 March 2011	5 years	Not Applicable

(1) Dr Ian Burston retired from the Board on 30 June 2016.

(2) Mr John Cooper retired from the Board on 23 November 2015.

CONFLICTS OF INTEREST

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

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

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

NOMINATION AND REMUNERATION COMMITTEE

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

Nomination Responsibilities

The role of the Nomination and Remuneration Committee when carrying out its nomination responsibilities includes:

- identifying nominees for directorships and other key executive appointments;
- the composition of the Board;
- ensuring that effective induction and education procedures exist for new Board appointees and key executives; and
- ensuring that appropriate procedures exist to assess and review the performance of the Chair, Executive and Non-Executive Directors, senior management, Board committees and the Board as a whole.

The responsibilities of this Committee with respect to remuneration are set out under Principle 8.

Composition of the Committee

The Committee Charter states that the composition should include:

- a minimum of three members, the majority of whom must be independent; and
- a Chairman who is an Independent Director.

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

During the 2016 financial year two meetings of the Nomination & Remuneration Committee were held. Certain responsibilities of the Nomination and

CORPORATE GOVERNANCE STATEMENTS CONTINUED

Remuneration Committee were also considered at Board meetings by the full Board as required.

SELECTION, APPOINTMENT, INDUCTION AND CONTINUING DEVELOPMENT PROCESSES

Directors must retire at the third AGM following their election or most recent re-election. At least one third of Directors must stand for election at each AGM. Any Director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM.

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

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

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

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

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

The Board will undertake an annual performance evaluation that reviews:

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

COMPANY SECRETARY

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

All Directors have access to the Company Secretary.

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

Principle 3: Promote Ethical and Responsible Decision Making

CODE OF BUSINESS ETHICS AND CONDUCT

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

DIVERSITY POLICY

- (a) NRW's Diversity Policy incorporates measurable objectives as set by the Board and is assessed on an annual basis;
- (b) NRW's Diversity Policy can be found on the company's website www.nrw.com.au;
- (c) The measurable objectives include;
 - the proportion of women employees in the whole organisation; the proportion of women employees in senior executive roles; and
 - the number of women on the Board.

The Board had set an objective of women employed by the NRW Holdings group of 14.0%. For the year ended 30 June 2016, the actual percentage of women employed was 14.17%. It should be noted that within the NRW Civil and Mining business (the largest employment entity) the actual number was 18.04%.

NRW is committed to dedicating 20% of places available to new entrants to the civil and mining industry, through our Powerup program, to women.

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.

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.

CORPORATE GOVERNANCE STATEMENTS CONTINUED

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.

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;

CORPORATE GOVERNANCE STATEMENTS CONTINUED

- monitoring the company's policies, programs and procedures to ensure compliance with relevant laws, the company's Code of Conduct; and
- the establishment and ongoing review of the company's corporate governance policies, procedures and practices.

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

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

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

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

Principle 8: Remunerate Fairly and Responsibly

NOMINATION AND REMUNERATION COMMITTEE

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

Remuneration responsibilities:

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

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

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

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

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

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

EXECUTIVE REMUNERATION

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

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

NON-EXECUTIVE DIRECTOR REMUNERATION

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

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

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.

CORPORATE GOVERNANCE STATEMENTS CONTINUED

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.

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17 August 2016

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 2016, 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



AT Richards
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

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, 17 August 2016

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Notes	Consolidated	
		2016 \$'000	2015 \$'000
REVENUE	2.2	287,973	775,934
Finance income	2.3	320	1,439
Finance costs	2.3	(9,227)	(12,951)
Share of loss from associates	5.1	(813)	(500)
Materials and consumables used		(43,579)	(132,386)
Employee benefits expense	2.4	(97,382)	(320,142)
Subcontractor costs		(44,422)	(242,170)
Depreciation and amortisation expenses	2.4	(24,184)	(44,345)
Impairment expense	3.6	(172)	(157,271)
Plant and equipment costs	2.4	(51,048)	(151,984)
Other expenses		(3,315)	(5,948)
Profit / (Loss) before income tax		14,150	(290,324)
Income tax benefit	6.1	7,300	60,502
Profit / (Loss) for the year		21,450	(229,822)
OTHER COMPREHENSIVE INCOME / (EXPENSE)			
Exchange differences arising on translation of foreign operations		(24)	31
Other comprehensive income / (expense) for the year, net of tax		(24)	31
TOTAL COMPREHENSIVE INCOME / (LOSS)		21,426	(229,791)
Profit / (Loss) Attributable to:			
Equity holders of the company		21,450	(229,791)
Total Comprehensive Income / (Loss) Attributable to:			
Equity holders of the company		21,426	(229,791)
		Cents	Cents
EARNINGS / (LOSS) PER SHARE	4.6		
Basic earnings/(loss) per share		7.7	(82.4)
Diluted earnings per share		7.7	N/A

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 2016

	Notes	Consolidated	
		2016 \$'000	2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		37,182	34,631
Receivables	3.1	36,437	73,812
Inventories	3.2	16,538	28,417
Current tax assets	6.3	-	6,125
Other current assets		2,937	3,720
Total current assets		93,095	146,705
Non-current assets			
Investments in associates	3.3	4,069	4,812
Intangibles	3.5	2,858	4,581
Property, plant and equipment	3.4	172,675	190,266
Deferred tax assets	6.3	27,726	22,825
Total non-current assets		207,326	222,484
Total assets		300,421	369,189
LIABILITIES			
Current liabilities			
Payables	3.7	44,405	86,083
Borrowings	5.3	37,414	142,255
Provisions	3.8	7,835	9,134
Total current liabilities		89,654	237,472
Non-current liabilities			
Borrowings	5.3	59,072	-
Provisions	3.8	1,904	3,353
Total non-current liabilities		60,976	3,353
Total liabilities		150,630	240,825
Net assets		149,791	128,364
EQUITY			
Contributed equity	4.2	156,432	156,432
Reserves	4.3	2,878	2,901
Accumulated losses	4.4	(9,519)	(30,969)
Total equity		149,791	128,364

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 2016

	Notes	Contributed equity \$'000	Foreign currency translation reserve \$'000	Share based payment reserve \$'000	Total Reserves \$'000	Retained earnings/ (Accumulated losses) \$'000	Total Equity \$'000
BALANCE AT 1 JULY 2014		156,432	(215)	2,987	2,772	212,798	372,002
Loss for the year	4.4	-	-	-	-	(229,823)	(229,823)
Exchange differences arising on translation of foreign operations	4.3	-	31	-	31	-	31
Total comprehensive income / (loss) for the year		-	31	-	31	(229,823)	(229,792)
Payment of dividends	4.5	-	-	-	-	(13,944)	(13,944)
Share based payments	4.3	-	-	98	98	-	98
BALANCE AT 30 JUNE 2015		156,432	(184)	3,085	2,901	(30,969)	128,364
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

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 2016

	Note	Consolidated	
		2016	2015
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		360,995	965,806
Payments to suppliers and employees		(313,011)	(997,912)
Interest paid	2.3	(9,227)	(12,951)
Interest received	2.3	320	1,439
Income tax refunded / (paid)		8,524	(3,610)
Net cash flow from / (used in) operating activities	5.1	47,600	(47,228)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant and equipment		9,815	2,495
Payment for investment in associate	3.3	(70)	(6,424)
Acquisition of property, plant and equipment		(9,025)	(8,517)
Net cash from / (used in) investing activities		720	(12,446)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		4,086	9,355
Repayment of borrowings and finance/hire purchase liabilities		(49,855)	(56,580)
Payment of dividends to shareholders	4.5	-	(13,944)
Net cash used in financing activities		(45,769)	(61,169)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2,551	(120,843)
Cash and cash equivalents at beginning of the year		34,631	155,474
Cash and cash equivalents at the end of the year		37,182	34,631

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 2016 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 Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand Australian dollars, unless otherwise indicated;
- presents reclassified comparative information where appropriate to enhance comparability with the current period presentation;
- 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 2015;

- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Refer to note 7.7 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 17 August 2016.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

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
<i>Revenue recognition</i>	2.2	33
<i>Construction contracts</i>	3.1	37
<i>Property, plant and equipment</i>	3.4	41
<i>Provision for warranties and onerous leases</i>	3.8	46
<i>Employee entitlements</i>	3.8	46
<i>Share based payments</i>	4.3	52
<i>Income tax</i>	6.2	61
<i>Deferred tax</i>	6.3	63

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 provides contract drill and blast services to mining (including iron ore, gold and coal) and civil projects throughout Australia.
- AES Equipment Solutions (AES). The AES Equipment Solutions provides maintenance services to the mining and resources sectors including the fabrication of water and service trucks.

Reportable segment revenues and results

	2016		2015	
	Revenue \$'000	Earnings \$'000	Revenue \$'000	Earnings \$'000
NRW Civil and Mining	203,635	18,054	694,103	(253,085)
Action Drill & Blast	81,915	2,266	85,927	986
AES Equipment Solutions	13,556	(1,364)	15,298	(23,275)
Inter-segment eliminations	(11,133)	-	(19,393)	-
Unallocated costs	-	(4,363)	-	(15,691)
Interest costs in segment results above	-	9,278	-	12,749
Total for continuing operations	287,973	23,871	775,935	278,316
Share of loss in associates		(813)		(500)
Net finance costs		(8,908)		(11,513)
Income tax		7,300		60,502
Profit / (loss) for the year		21,450		(229,823)

2015 includes an impairment expense made up of \$126.6 million for NRW Civil & Mining, \$1.1 million for ADB Drill & Blast, \$21.3 million for AES Equipment Solutions and \$8.3 million is unallocated. Refer to note 3.6.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Segment assets and liabilities

	Segment Assets		Segment Liabilities	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
NRW Civil and Mining	186,924	264,193	(119,288)	(205,621)
Action Drill & Blast	61,173	52,776	(28,520)	(31,201)
AES Equipment Solutions	8,580	8,935	(2,777)	(4,003)
Unallocated assets	43,743	43,284	(45)	-
Consolidated	300,421	369,189	(150,630)	(240,825)

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 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

These are summarised by segment below for the comparative year end 30 June 2015:

	NRW Civil & Mining	Action Drill & Blast	AES Equipment Solutions	Total
	\$'000	\$'000	\$'000	\$'000
Major customer 1	451,875	-	-	451,875
Major customer 2	108,235	23,906	-	132,141
Major customer 3	103,072	-	3,231	106,303
Total for continuing operations	663,182	23,906	3,231	690,319

Other segment information

	Depreciation and Amortisation		Additions to non-current assets	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
NRW Civil and Mining	15,185	32,198	7,294	6,982
Action Drill & Blast	5,860	5,766	1,674	754
AES Equipment Solutions	774	814	57	609
Other	2,365	5,568	70	6,596
Total for continuing operations	24,184	44,346	9,095	14,941

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.2 Revenue

	Consolidated	
	2016	2015
	\$'000	\$'000
Revenue from all sources	287,973	775,934
Total Revenue	287,973	775,934

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 it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work or construction work in progress. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work.

Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Revenue from the rendering of a service is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

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.

Key Accounting Judgments and Estimates

Construction contract revenue is recognised in profit or loss when the outcome of a construction contract can be measured reliably, in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. The stage of completion is assessed by reference to surveys of work performed.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.3 Net Finance Expense

	Consolidated	
	2016	2015
	\$'000	\$'000
Interest income	320	1,439
Total finance income	320	1,439
Interest on obligations under finance leases	(9,227)	(12,950)
Interest on bank overdrafts and loans	-	(1)
Total finance expenses	(9,227)	(12,951)
NET FINANCE EXPENSE	(8,908)	(11,512)

Interest Income

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

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 exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.4 Other Expenses

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

	Consolidated	
	2016	2015
	\$'000	\$'000
EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	(90,848)	(301,170)
Superannuation contributions	(6,534)	(18,874)
Share based payments	-	(98)
Subtotal	(97,382)	(320,142)
OTHER GAINS & LOSSES		
Profit on sale of property, plant and equipment	137	593
Subtotal	137	593
DEPRECIATION & AMORTISATION		
Depreciation of non-current assets	(22,460)	(40,483)
Amortisation	(1,724)	(3,862)
Subtotal	(24,184)	(44,345)
PLANT & EQUIPMENT COSTS		
Operating lease payments (refer to note 5.5)	(3,910)	(4,968)
Rental hire payments	(11,690)	(107,418)
Owned plant and other related costs	(35,448)	(39,598)
Subtotal	(51,048)	(151,984)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. BALANCE SHEET

3.1 Trade and Other Receivables

	Consolidated	
	2016	2015
	\$'000	\$'000
CURRENT RECEIVABLES		
Trade receivables	20,488	35,042
Other receivables	20	194
Retentions	41	833
Subtotal	20,549	36,069
Other accrued revenue	16,549	11,765
Amounts accrued under long term construction contracts	(661)	25,978
TOTAL TRADE AND OTHER RECEIVABLES	36,437	73,812

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 2016, 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	
	2016	2015
	\$'000	\$'000
60-90 days	10	137
90-120 days	20	13
120+ days	-	9
Total	30	159

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	
	2016	2015
	\$'000	\$'000
CONTRACTS IN PROGRESS		
Construction costs incurred plus recognised profits less recognised losses to date	407,197	1,035,151
Less: progress billings	407,858	1,009,173
Subtotal	(661)	25,978
Recognised and included in the consolidated financial statements as amounts due:		
from customers under construction contracts	-	25,978
to customers under construction contracts	(661)	-
Subtotal	(661)	25,978

Key Accounting Judgments and Estimates

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	
	2016	2015
	\$'000	\$'000
Raw materials and consumables	14,886	26,487
Provision for net realisable value expense	(659)	(1,597)
Work in progress	2,311	3,527
TOTAL INVENTORIES	16,538	28,417

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 year 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

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 in the previous financial year. 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 those marketing costs.

NewGen Drilling Pty Ltd

	2016	2015
	\$'000	\$'000
Revenue	-	-
Loss for the period after tax	(4,065)	(2,510)
Current assets	114	1,020
Non-current assets	20,688	24,007
Current liabilities	(694)	2,307
Non-current liabilities	-	408
Net assets	19,994	26,926

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

	2016	2015
	\$'000	\$'000
Opening Cost of the investment in associate	4,812	-
Acquisition of investment in associate	-	6,424
Share of (loss) for the period	(813)	(500)
Shareholder cash contribution	70	-
Impairment	-	(1,112)
CLOSING COST OF INVESTMENT IN ASSOCIATE	4,069	4,812

NRW recognised an impairment to the carrying value in the previous financial year based on an assessment of the business environment in which NewGen operates and on an assessment of its future value based on the assumptions set out in the impairment note (note 3.6).

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 2014	3,218	6,514	1,404	566,023	577,158
Effect of foreign currency exchange differences	-	-	-	13	13
Additions	-	-	27	8,319	8,345
Disposals	-	-	-	(13,119)	(13,119)
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
DEPRECIATION & IMPAIRMENT					
BALANCE AS AT 30 JUNE 2014	-	2,108	735	219,556	222,339
Depreciation and amortisation expense	-	832	184	39,466	40,482
Effect of foreign currency exchange differences	-	-	-	11	11
Impairment	1,000	1,319	135	128,002	130,457
Disposals	-	-	-	(11,218)	(11,218)
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
CARRYING VALUES					
At 30 June 2015	2,218	2,254	375	185,419	190,266
At 30 June 2016	2,218	1,869	162	168,428	172,675

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.

Key Accounting Judgments and Estimates

During the period to 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. Also demand for specific plant and equipment will affect the plant modelling giving rise to a certain degree of fluctuations and subjectiveness.

Borrowing costs in relation to the acquisition of property, plant and equipment are recognised in profit or loss in the period in which they are incurred.

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 any impairment movements are included in note 3.6.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.5 Intangible Assets

Intangibles held by the Group include:

	Software and System Development	Licences	Total
	\$'000	\$'000	\$'000
COST			
BALANCE AS AT 30 JUNE 2014	19,645	1,453	21,098
Additions	169	-	169
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
AMORTISATION & IMPAIRMENT			
BALANCE AS AT 30 JUNE 2014	7,301	1,034	8,335
Amortisation expense	3,592	270	3,862
Impairment	4,357	131	4,488
BALANCE AS AT 30 JUNE 2015	15,250	1,436	16,686
Amortisation expense	1,719	5	1,724
Impairment	-	-	-
BALANCE AS AT 30 JUNE 2016	16,969	1,440	18,409
CARRYING VALUES			
At 30 June 2015	4,564	18	4,581
At 30 June 2016	2,844	13	2,858

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.

Goodwill

As at the balance sheet date the group has no goodwill. In the previous financial year goodwill carried at the start of that year of 19.6 million was fully impaired in the year, the details of which were fully disclosed in the FY15 annual report.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

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	
	2016	2015
	\$'000	\$'000
Property, plant and equipment (note 3.4)	(5,523)	130,457
Goodwill	-	19,617
Investments in associates (note 3.3)	-	1,112
Inventory (note 3.2)	5,695	1,597
Intangibles (note 3.5)	-	4,488
Total Impairment	172	157,271

During the year the directors performed a review of the assumptions for certain classes of equipment that were previously impaired by the NRW Civil & Mining cash-generating unit during the comparative period ended 30 June 2015. 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 during the previous year.

During the year ended 30 June 2015 it was determined that an impairment expense for certain property plant and equipment and intangible assets was required to bring the carrying values in line with business plan assessments of the underlying value of the business unit (the recoverable value), details of which had been fully reported in FY15 accounts.

Cash Generating Units (CGU's)

The company has identified indicators of impairment for each of the three Cash Generating Units (CGUs) – NRW Civil and Mining, Action Drill & Blast (ADB) and AES Equipment Solutions (AES) and accordingly 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 post the reversal of impairment of property, plant and equipment referred to above.

The recoverable values determined for NRW Civil and Mining and Action Drill & Blast following the specific property plant and equipment impairment noted above were in excess of the carrying values as at 30 June 2016 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 NRW Civil & Mining and ADB were based on current financial performance for the year ended 30 June 2016 and growth assumptions of <1% (2015: 3%) per annum for future years. The terminal value assumes growth of 3% (2015: 3%).

The value in use assessments for AES Equipment Solutions were based on Board approved budgets for the year ended 30 June 2017 and growth assumptions of <1% (2015: 3%) per annum for future years. The terminal value assumes growth of 3% (2015: 3%).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

Sensitivity Analysis

The company undertook sensitivity analysis with regard to the terminal value growth rate (reducing it to 2.5%) and the discount rate (increasing to 17.9%). These sensitivities did not result in recoverable values lower than the carrying value of the CGUs as at 30 June 2016.

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	
	2016	2015
	\$'000	\$'000
CURRENT PAYABLES		
Trade payables	18,131	38,847
Goods and service tax	1,096	497
Non trade payables	1,415	4,589
Accruals	23,763	42,150
TOTAL TRADE AND OTHER PAYABLES	44,405	86,083

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 to 75 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.8 Provisions

	Consolidated	
	2016 \$'000	2015 \$'000
CURRENT		
Employee benefits	5,797	6,685
Warranty	1,077	1,077
Onerous leases	961	1,372
Total current provisions	7,835	9,134
NON-CURRENT		
Employee benefits	1,053	1,237
Warranty	28	77
Onerous leases	823	2,039
Total non-current provisions	1,904	3,353
TOTAL CURRENT AND NON-CURRENT PROVISIONS	9,739	12,487

	Consolidated			
	Onerous lease \$'000	Warranty provision \$'000	Employee benefits \$'000	Total \$'000
BALANCE AT 1 JULY 2015	3,411	1,154	7,922	12,487
Provisions made during the year	-	-	9,308	9,308
Reductions arising from payments	-	-	(10,380)	(10,380)
Reductions resulting from re-measurement	(1,627)	(49)	-	(1,676)
BALANCE AT 30 JUNE 2016	1,784	1,105	6,850	9,739
Short-term provisions	961	1,077	5,797	7,835
Long-term provisions	823	28	1,053	1,904
TOTAL BALANCE AT 30 JUNE 2016	1,784	1,105	6,850	9,739

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 two and a half years of the current lease.

The warranty provisions relates to the present value of the Directors' best estimate of the future outflow of economic benefits that will be required under the groups obligations for warranties arising from specific construction contracts at reporting date. The future cash flows have been estimated at the best estimate of the expenditure required to settle the group's obligation and history of warranty claims.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

Key Accounting Judgments and Estimates

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 which includes future increases in wages and salaries, future on cost rates and 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 influenced directly from the capital structure including the payment of dividends and any other movement in debt.

The gearing ratio was calculated at 30 June 2016 as:

	Consolidated	
	2016	2015
	\$'000	\$'000
Borrowings (Note 5.3)	96,486	142,255
Cash	(37,182)	(34,631)
Net Debt	59,304	107,624
Total equity	149,791	128,364
Net Debt to Equity Ratio	39.6%	83.8%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

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 a leasing facility, cash and cash equivalents, and equity to the relevant stakeholders. The majority of debt funding is required for the long term purchase of operating assets where it has been deemed appropriate to own those assets. These are primarily placed under hire purchase borrowing arrangements under an agreement led by the ANZ Banking Group Ltd.

The cash position is reviewed regularly.

Interest Rate Risk Management

Principal and interest payments under the ANZ Leasing facility are made monthly. The term under the ANZ Leasing facility is to December 2018 when the current debt will be fully repaid. The Board continues to review its risk associated with any covenants and borrowing conditions on a regular basis. The long term debt, specifically relating to capital purchases of plant and machinery, is at a fixed interest rate.

Given the group has most of the financing under fixed rate hire purchase or other similar asset financing agreements, the exposure to market rate volatility 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 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	-	36,437	19,742	16,695	-	-
Subtotal		73,619	56,924	16,695	-	-
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	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Consolidated interest and liquidity analysis 2015

	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	0.25%	34,631	34,631	-	-	-
Trade and other receivables	-	73,812	41,382	32,430	-	-
Subtotal		108,443	76,013	32,430	-	-
FINANCIAL LIABILITIES						
Asset financing	7.63%	156,355	1,367	74,733	80,255	-
Trade and other payables	-	86,083	40,515	45,568	-	-
Subtotal		242,438	41,882	120,301	80,255	-

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. 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.

The cash balances held in Guinea at 30 June 2016 (at spot) was \$141,100 AUD (2015: \$20,523 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 2016 total at \$4.6 million (2015: \$6.1 million) and contract guarantees provided by the insurance market total \$46.6 million (2015: \$83.1 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4.2 Issued Capital

Fully Paid Ordinary Shares

	Consolidated	
	2016 \$'000	2015 \$'000
ORDINARY SHARES		
278,877,219 fully paid ordinary shares (2015: 278,877,219)	156,432	156,432

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

	Consolidated			
	2016 # No. '000	2015 # No. '000	2016 \$'000	2015 \$'000
FULLY PAID ORDINARY SHARES				
Balance at the beginning of the financial year	278,877	278,877	156,432	156,432
BALANCE AT THE END OF THE PERIOD	278,887	278,877	156,432	156,432

4.3 Reserves

	Consolidated	
	2016 \$'000	2015 \$'000
Share based payment reserve	3,085	3,085
Foreign currency reserve	(208)	(184)
TOTAL RESERVES	2,878	2,901

Share Based Payment Reserve

	Consolidated	
	2016 \$'000	2015 \$'000
Balance at the beginning of the financial year	3,085	2,987
Shares issued for vested rights	-	-
Share based payments	-	98
BALANCE AT THE END OF THE FINANCIAL YEAR	3,085	3,085

Information relating to the group's options and performance rights, including details of issued, exercised and lapsed during the financial year and outstanding at the end of the financial year, is set out on page 12 of the directors report.

Share based compensation payments are provided to employees in accordance to the company's Long Term Incentive Plan ('LTIP') 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 options granted is adjusted to reflect market Vesting Conditions, but excludes the impact of any non-market Vesting Conditions.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Upon the exercise of options / performance rights, the balance of the share-based payments reserve relating to those options / performance rights is transferred to issued capital and the proceeds received, net of any directly attributable transaction costs, are credited to issued capital.

Key Accounting Judgements and Estimates

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.

Foreign Currency Translation Reserve

	Consolidated	
	2016	2015
	\$'000	\$'000
Balance at the beginning of the financial year	(184)	(215)
Exchange differences arising on translation of foreign operations	(24)	31
BALANCE AT THE END OF THE FINANCIAL YEAR	(208)	(184)

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 Accumulated Losses

	Consolidated	
	2016	2015
	\$'000	\$'000
Balance at the beginning of the financial year	(30,969)	212,798
Net profit attributable to members of the parent entity	21,450	(229,823)
Dividends paid (Note 4.5)	-	(13,944)
BALANCE AT THE END OF THE FINANCIAL YEAR	(9,519)	(30,969)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4.5 Dividends

Dividends Paid

	2016		2015	
	Cents per share	Total \$'000	Cents per share	Total \$'000
RECOGNISED AMOUNTS PAID:				
Fully paid ordinary shares, fully franked				
Final dividend to 30 June 2015:	-	-		
Interim dividend to 31 December 2015:	-	-		
Final dividend to 30 June 2014			5.00	13,944
Interim dividend to 31 December 2014			-	-
Total				13,994

No dividend will be declared in respect of the financial year ended 30 June 2016.

Franking Account

	Consolidated	
	2016 \$'000	2015 \$'000
Franking account balance at 1 July	47,524	49,899
Australian income tax (refund)/paid	(8,517)	3,601
Franking credits attached to dividends paid:		
- as final dividend	-	(5,976)
- as interim dividend	-	-
Franking account balance at 30 June	39,007	47,524
Franking credits that will arise from the payment /(refund) of income tax payable as at reporting date	-	(5,935)
Net franking credits available	39,007	41,589

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

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	
	2016	2015
	\$'000	\$'000
Profit / (Loss) for the year	21,450	(229,823)
Weighted average number of shares for the purposes of basic earnings per share	278,877	278,877
Basic earnings per share	7.7 cents per share	(82.4) cents per share
Shares deemed to be issued for no consideration in respect of:		
– Performance rights	1,088	N/A
Weighted average number of shares used for the purposes of diluted earnings per share	278,877	N/A
Diluted earnings 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 outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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	
	2016	2015
	\$'000	\$'000
PROFIT / (LOSS) FOR THE PERIOD	21,450	(229,823)
Adjustments for:		
Gain on sale of property, plant and equipment	(137)	(593)
Net foreign exchange (gain) / loss	(23)	31
Depreciation and amortisation	24,184	44,345
Impairment of PP&E (excludes Inventories impairment)	(5,523)	136,057
Impairment of goodwill	-	19,617
Inventory write-offs non cash (1)	5,695	1,597
Share of loss from associates	813	500
Share based payment expense	-	98
Net cash generated / (used) before movement in working capital	46,460	(28,171)
Change in trade and other receivables	37,510	126,729
Change in inventories excluding (1)	6,184	6,676
Change in other assets	783	2,687
Change in trade and other payables	(41,813)	(84,805)
Change in provisions and employee benefits	(2,747)	(6,233)
Change in provision for income tax	6,124	(13,116)
Change in deferred tax balances	(4,900)	(50,995)
Net cash from operating activities	47,600	(47,228)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5.2 Guarantees

	Consolidated	
	2016	2015
	\$'000	\$'000
Bank guarantees	4,593	6,109
Insurance bonds	46,582	83,124
Balance at the end of the financial year	51,175	89,233

The group has bank guarantees and insurance bonds issued in respect of contract performance in the normal course of business in respect to its construction contracts.

Claims

Certain claims arising out of construction contracts have been made by or against certain controlled entities in the ordinary course of business, some of which involve litigation or arbitration. It is considered that the outcome of these claims will not have a materially adverse impact on the financial position of the consolidated entity.

5.3 Borrowings

The company finalised an agreement in the year with its banking group to reschedule existing debt over a 33 month period commencing April 2016 and completing in December 2018.

As at the date of signing the annual accounts the company is in compliance with its obligations under its facilities.

The company has access to project guarantee facilities through a number of Surety Providers. The company has prepared cash forecasts which indicate that the company does not need access to additional working capital facilities.

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

The company expects to be in compliance with agreed covenants throughout the year ending 30 June 2017.

The group borrowings is comprised of:

	Consolidated	
	2016	2015
	\$'000	\$'000
SECURED AT AMORTISED COST		
Current		
Finance lease liability	37,414	141,813
Insurance funding	-	442
Total current borrowings	37,414	142,255
Non-current		
Finance lease liability	59,072	-
Total non-current borrowings	59,072	-
GROUP TOTAL BORROWINGS	96,486	142,255

In the previous financial year revised covenants were not agreed until after the balance sheet date consequently all debt was classified as short term in the prior comparative period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Finance Facilities:

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
Other	-	-	-

(1) Terms range from 1 to 3 years.

Consolidated finance facilities as at 30 June 2015

Finance Description	Face Vale (limit) \$'000	Carrying Amount (utilised) \$'000	Unutilised Amount \$'000
Asset financing ⁽¹⁾	146,877	141,813	5,064
Guarantees and other funding	6,109	6,109	-
Other	442	442	-

(1) Terms range from 1 to 3 years.

Security

The main finance providers are Australia and New Zealand Banking Group Limited ("ANZ") which provides performance guarantee facilities and ANZ Leasing (Vic) Pty Ltd ("ANZ Leasing") which provides asset finance to members of the group. The facilities are subject to annual and periodic reviews and include financial and other covenants usual for facilities of this nature. The facility provided by ANZ is secured by a first ranking general security interests granted by members of the group in favour of ANZ. The facility provided by ANZ Leasing is an asset finance facility under which goods purchased using the proceeds of that facility are leased to members of the group. ANZ and ANZ Leasing also hold security for their respective facilities under a general security given by members of the group in favour of a security trustee. Future working capital and performance bond providers may also share this security in the future.

Finance Leases as Lessee

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

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 5.37% to 7.48% (2015: 5.37% to 7.57%).

	Minimum future lease payments		Present value of minimum future lease payments	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
No later than 1 year	42,890	76,100	37,414	66,847
Later than 1 year and not later than 5 years	62,378	80,255	59,072	75,408
Later than five years	-	-	-	-
Minimum future lease payments	105,268	156,355	96,486	142,255
Less future finance charges	(8,782)	(14,100)	-	-
Present value of minimum lease payments	96,486	142,255	96,486	142,255

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

5.4 Capital and Other Commitments

There were no capital and other commitments to be reported for the financial year ended 30 June 2016 (2015 – nil).

5.5 Operating Leases

Property lease rentals are payable as follows:

	Consolidated	
	2016	2015
	\$'000	\$'000
Less than one year	2,936	4,194
Between one and five years	2,981	5,654
More than five years	-	-
Total operating leases	5,917	9,848

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	
	2016	2015
	\$'000	\$'000
CURRENT TAX EXPENSE		
Current year income tax	1	(32)
Adjustments for prior years income tax	(2,402)	(9,476)
Subtotal	(2,401)	(9,508)
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	(17,410)	(70,154)
Deferred tax assets not brought to account	12,510	19,160
TOTAL TAX (BENEFIT) / EXPENSE	(7,300)	(60,502)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6.2 Reconciliation of Effective Tax Rate

	Consolidated	
	2016	2015
	\$'000	\$'000
Profit / (Loss) for the period	14,150	(290,325)
INCOME TAX USING THE COMPANY'S DOMESTIC TAX RATE OF 30%	4,245	(87,097)
Changes in income tax expense due to:		
Effect of expenses that are not deductible in determining taxable profit	166	516
Impairment losses on goodwill that are not deductible	-	5,885
Impairment losses on non-allowable property, plant & equipment	-	696
Impairment losses on investment in associates	-	334
Adjustments recognised in the current year in relation to the effect of tax consolidation	(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)	(821)	31
Adjustments recognised in the current year in relation to the current tax of prior years (effect of income that is exempt from taxation)	-	(98)
Adjustments recognised in the current year in relation to the current tax of prior years (effect of research and development concession)	-	75
Effect of different income tax rates for subsidiaries operating in a different tax jurisdiction	5	(4)
Deferred tax assets not brought to account	12,510	19,160
TOTAL INCOME TAX BENEFIT	(7,300)	(60,502)

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.

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 financial year 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

Research and Development Tax Offset

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

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.

Key Accounting Judgments and Estimates

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.

6.3 Current and Deferred Tax Assets and Liabilities

	Consolidated	
	2016	2015
	\$'000	\$'000
CURRENT TAX ASSETS AND LIABILITIES		
Income tax receivable	-	6,125
Income tax payable	-	-
TOTAL	-	6,125

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Deferred Tax Balances

	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Share based payments	341	328	-	-	341	328
Costs of equity raising FY2011	-	-	-	-	-	-
Provisions	3,119	4,316	-	(2)	3,119	4,314
Work in progress (construction)	-	-	-	(1,082)	-	(1,082)
Inventories	-	-	(4,571)	(4,632)	(4,571)	(4,632)
PP&E	268	14,957	(4,867)	(2,422)	(4,598)	12,536
Other creditors and accruals	351	839	-	-	351	839
Other assets	94	42	(276)	(341)	(182)	(299)
Losses	33,264	10,820	-	-	33,266	10,820
DEFERRED TAX ASSETS / (LIABILITIES)	37,438	31,303	(9,713)	(8,479)	27,726	22,824

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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	
	2016	2015
	\$'000	\$'000
Tax losses (revenue in nature)	31,670	19,160

Key Accounting Judgments and Estimates

Recoverability of Deferred Tax Asset

The recoverability of the Groups deferred tax balances are 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

An incremental deferred tax asset which arose due to formation of the tax consolidation group has been quantified and included in the tax balances.

7. OTHER NOTES

7.1 Subsidiaries

Parent entity	Principal Activities	Country of incorporation	Ownership interest	
			2016	2015
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 and Blast Pty Ltd (formerly NRW Drill & Blast Pty Ltd)	Action Drill & Blast	Australia	100%	100%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Deed of Cross Guarantees

All of the wholly-owned subsidiaries in Australia have entered into a deed of cross guarantee with NRW Holdings Limited pursuant to the ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report.

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

NRW Guinea SARL is a wholly owned subsidiary of NRW Holdings Limited and is incorporated in the Republic 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	
	2016	2015
	\$'000	\$'000
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	287,973	775,934
Finance income	320	1,439
Finance costs	(9,227)	(12,951)
Share of loss in associate	(813)	(500)
Materials and consumables used	(43,579)	(129,086)
Employee benefits expense	(97,382)	(320,048)
Subcontractor costs	(44,422)	(243,342)
Depreciation and amortisation expenses	(24,181)	(44,329)
Impairment expense	(172)	(157,271)
Plant and equipment costs	(51,048)	(151,984)
Other expenses	(3,303)	(5,891)
Profit / (Loss) before income tax	14,166	(288,030)
Income tax expense	7,403	60,469
Profit / (Loss) for the year	21,569	(227,562)

	Consolidated	
	2016	2015
	\$'000	\$'000
OTHER COMPREHENSIVE INCOME		
Exchange differences arising on translation of foreign operations	-	-
Total comprehensive income for the year	21,569	(227,652)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

	Consolidated	
	2016 \$'000	2015 \$'000
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets		
Cash and cash equivalents	37,041	34,610
Trade and other receivables	36,437	73,812
Inventories	16,538	28,417
Current tax assets	-	6,007
Other current assets	2,937	3,706
Total current assets	92,953	146,552
Non-current assets		
Investment in associates	4,069	4,812
Property, plant and equipment	172,675	189,834
Intangibles	2,858	5,009
Goodwill	-	-
Deferred tax assets	27,726	22,825
Financial assets	-	3
Total non-current assets	207,326	222,483
Total assets	300,279	369,035
LIABILITIES		
Current liabilities		
Trade and other payables	44,405	83,907
Borrowings	37,414	142,255
Current tax liabilities	-	-
Provisions	7,835	9,134
Total current liabilities	89,654	235,296
Non-current liabilities		
Borrowings	59,072	-
Provisions	1,904	3,353
Deferred tax liabilities	-	-
Total non-current liabilities	60,976	3,353
Total liabilities	150,629	238,649
Net assets	149,752	130,387
EQUITY		
Issued capital	156,429	156,432
Reserves	3,085	3,086
Retained earnings	(9,763)	(29,137)
Total equity	149,752	130,387

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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	
		2016	2015
LJN Consortium	Asset Development Projects (camps rail etc) - completed.	33%	33%
NRW-NYFL Joint Venture	Car Dumper and Bulk Earthworks at Cape Lambert Port B Project.	50%	50%
NRW-Eastern Guruma Joint Venture	Construction of the HME Overpass and the Silvergrass Access Roads.	50%	50%
NRW-Ocean to Outback Joint Venture	Hope Downs Village construction - completed.	50%	50%
Midwest Rail Joint Venture	Bulk earthworks and rail upgrade of existing 92km rail, from Mullewa to Tilley Siding, for ore haulage - completed.	50%	50%
City East Alliance	Upgrade of Great Eastern Highway - completed.	15%	15%
NRW, Eastern Guruma and NYFL Joint Venture	Provision of Early Mining Services – Solomon Phase 1 for Fortescue Metals Group Limited - completed.	50%	50%
NRW Njamal ICRG Joint Venture	Bulk Earthworks and services for the Iron Bridge (North Star Magnetite Project) for IB Operations PL (Fortescue Metals Group Limited).	50%	50%
NRW Rapid JV	Mining Services	50%	50%
ADB Guma JV	Production Blast Hole Drilling Services	75%	-

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 ADB Guma JV.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

Financial Information

	Consolidated	
	2016 \$'000	2015 \$'000
STATEMENT OF FINANCIAL PERFORMANCE		
Income	16,338	66,571
Expenses	(16,195)	(63,725)
STATEMENT OF FINANCIAL POSITION		
Current assets	3,662	8,489
Current liabilities	3,683	6,758

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.

Salini Impregilo NRW Joint Venture (SI-NRW JV)

The group formed a Joint Venture company with Salini Impregilo of Italy which was subsequently awarded the Forrestfield–Airport Link contract for the PTA. The contract is worth \$1.2 billion to be delivered over four years. The group's share of the joint venture is 20%. As at 30 June 2016 the project was in start-up phase consequently no revenue or share of net assets has been recognised.

7.3 Parent Entity Information

As at, and throughout, the financial year ended 30 June 2016 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	
	2016	2015
	\$'000	\$'000
ASSETS		
Current assets	45,703	65,645
Non-current assets	69,184	62,550
Total assets	114,887	128,195
LIABILITIES		
Current liabilities	45	-
Non-current liabilities	-	-
Total liabilities	45	-
EQUITY		
Contributed equity	156,456	156,456
Retained earnings	(44,399)	(31,047)
RESERVES		
Share based payment reserve	2,786	2,786
Total equity	114,483	128,195

Financial Performance

	Parent	
	2016	2015
	\$'000	\$'000
Loss for the year	(13,352)	(131,996)
Total comprehensive income	(13,352)	(131,996)

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

	Parent	
	2016	2015
	\$'000	\$'000
Debt borrowings	96,486	142,255
TOTAL	96,486	142,255

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

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

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

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

Key management person and/or related party.	Transaction Booked in Group	Transaction Value	
		2016	2015
		\$	\$
Mr W Fair – Northwest Quarries Pty Ltd	Purchase of construction materials.	-	1,758,908

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 Auditor's Remuneration

	Consolidated	
	2016	2015
	\$	\$
AUDIT SERVICES		
Auditors of the Company		
Deloitte Touche Tohmatsu	225,000	277,500
OTHER SERVICES		
Deloitte Touche Tohmatsu		
Coal levy audits	13,750	14,000
Procurement strategy (1)	-	102,500
Total	238,750	394,000

(1) Deloitte Touche Tohmatsu were engaged in 2014 to review the procurement strategies of the group. The finalised fees were incurred in early FY15.

7.6 Events After the Reporting Period

Other than the events noted below there has not arisen in the interval between the end of the financial year and the date of this report any transaction or event of a material nature likely in the opinion of the Directors, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7.7 Changes to Accounting Policies

Adoption of New and Revised Accounting Standards and Interpretations

The Group has adopted all new and amended Australian Accounting Standards and Interpretations mandatory as at 1 July 2015 including:

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 ' Materiality	This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	The amendments to AASB 128 align the relief available in AASB 10 and AASB 128 in respect of the financial reporting requirements for Australian groups with a foreign parent. The amendments require that the ultimate Australian entity shall apply the equity method in accounting for interests in associates and joint ventures if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.

Although the adoption of these standards has resulted in some changes to the accounting policies of the Group, they have not resulted in any adjustment to the amounts recognised in the financial statements, nor resulted in any additional disclosures upon adoption.

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 2017	30 June 2018
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

(1) The AASB has issued the following versions of AASB 9 and the relevant amending standards.

* AASB 9 'Financial Instruments' (December 2009) and the relevant amending standards.

* AASB 9 'Financial Instruments' (December 2010) and the relevant amending standards.

* AASB 2013-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', Part C – Financial Instruments.

* AASB 9 'Financial Instruments' (December 2014) and the relevant amending standards.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

All the standards have an effective date of annual reporting periods beginning on or after 1 January 2018. Either AASB 9 (December 2009) or AASB 9 (December 2010) can be early adopted if the initial application date is before 1 February 2015. After this date only AASB 9 (December 2014) can be early adopted.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	1 January 2018	30 June 2019

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 19 July 2016.

NRW's contributed equity comprises 278,888,011 fully paid ordinary shares.

Distribution of Shareholdings:

Range	Fully paid ordinary shares	%	No of Holders	%
100,001 and Over	195,356,677	70.05	325	4.68
10,001 to 100,000	66,478,211	23.84	2,081	29.96
5,001 to 10,000	10,201,085	3.66	1,249	17.98
1,001 to 5,000	6,238,891	2.24	1,997	28.75
1 to 1,000	613,147	0.22	1,294	18.63
Total	278,888,011	100.00	6,946	100.00
Unmarketable parcels	938,002	0.34	1,538	22.14

NRW's 20 Largest Shareholders

Rank	Name	Shares	% Interest
1	CITICORP NOMINEES PTY LIMITED	27,914,952	10.01%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	17,782,757	6.38%
3	ZERO NOMINEES PTY LTD	7,800,000	2.80%
4	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	7,751,446	2.78%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,542,015	2.70%
6	PRUDENTIAL NOMINEES PTY LTD	6,200,000	2.22%
7	MR DAVID RONALDSON	3,938,959	1.41%
8	MR STEVEN SCHALIT	3,635,722	1.30%
9	JULIAN ALEXANDER PEMBERTON THE J P TRUST	2,540,014	0.91%
10	NATIONAL NOMINEES LIMITED <DB A/C>	2,534,117	0.91%
11	MR MARTIN DUGGAN	2,414,000	0.87%
12	MS XIAOBEI ZHANG	2,339,161	0.84%
13	HISHENK PTY LTD	2,100,000	0.75%
14	NATIONAL EXCHANGE PROPRIETARY LTD	2,000,000	0.72%
14	MR CHRISTOPHER KING <CHRISTOPHER'S FUND A/C>	2,000,000	0.72%
15	MR PETER HOWELLS	1,700,000	0.61%
16	INTECH SOLUTIONS PTY LTD	1,639,993	0.59%
17	PYXIS HOLDINGS PTY LTD <THE MAPLETREE A/C>	1,600,000	0.57%
17	MR GRAHAM JAMES JOLLY & MS SYLVIA LILIAN ROFE <ROFE AND JOLLY FAMILIES A/C>	1,600,000	0.57%
18	MR STEVEN SCHALIT & MS CANDICE SCHALIT <SCHALIT FAMILY S/F A/C>	1,478,583	0.53%
19	SPORRAN LEAN PTY LTD <SPORRAN LEAN SUPER FUND A/C>	1,400,000	0.50%
19	MAJESTIC TRAVEL PTY LIMITED	1,400,000	0.50%
20	GABRIELLA NOMINEES PTY LTD <ERROL WILFRED LEVITT A/C>	1,340,000	0.48%

Substantial Shareholders

As at the date of this report, the company has not been notified by any shareholders as having a substantial holding in accordance with Section 671B of the Corporations Act 2001.

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.

INDEPENDENT AUDITOR'S REPORT



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

Report on the Financial Report

We have audited the accompanying financial report of NRW Holdings Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 23 to 71.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1.2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT CONTINUED

Deloitte

Auditor's Independence Declaration

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

Opinion

In our opinion:

- (a) the financial report of NRW Holdings Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.2.

Report on the Remuneration Report

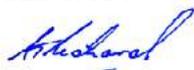
We have audited the Remuneration Report included in pages 9 to 15 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of NRW Holdings Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



AT Richards
Partner
Chartered Accountants
Perth, 17 August 2016

APPENDIX 4E

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the Year Ended 30 June 2016

	% Change up / (down)	Year ended 30 June 2016 \$'000	Year ended 30 June 2015 \$'000
Revenues from ordinary activities	(62.89%)	287,972	775,934
Profit from ordinary activities after tax attributable to members	n/a	21,450	(229,823)
Total Comprehensive Income	n/a	21,450	(229,823)
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		\$0.53	\$0.44

Commentary on the Results for the Year

A commentary for the results for the year is contained in the statutory financial report dated 18 August 2016.

Status of Accounts

This statutory financial report is based on audited accounts.

NRW Holdings Limited - ACN 118 300 217

NRW HOLDINGS LIMITED

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