NRW HOLDINGS LIMITED (ASX: NWH)

ABN 95 118 300 217

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2017

ASX Appendix 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half-year ended 31 December 2017

NRW Holdings Limited

ACN 118 300 217

	% change up / (down)	Half-year ended 31 December 2017 $'000	Half-year ended 31 December 2016 $'000
Revenues from ordinary activities	*82.52*	312,734	171,344
Profit / (loss) from ordinary activities after tax attributable to members	*32.56*	15,349	11,579
Net profit / (loss) for the period attributable to members	*32.56*	15,349	11,579
Interim dividend			
Date dividend is payable		-	-
Record date to determine entitlements to dividend		-	-
Interim dividend payable per security (cents)		-	-
Franked amount of dividend per security (cents)		-	-
Ratios and other measures			
Net tangible asset backing per ordinary security		$0.49	$0.56

Corporate Directory

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
Company Secretary	Kimberley Hyman
Registered Office	181 Great Eastern Highway Belmont WA 6104 Telephone: +61 8 9232 4200 Facsimile: +61 8 9232 4232 Email: info@nrw.com.au
Auditor	Deloitte Touche Tohmatsu Tower 2 Brookfield Place Level 9 123 St Georges Terrace PERTH WA 6000
Share Registry	Link Market Services Level 4 Central Park 152 St Georges Terrace Perth WA 6000 Telephone: +61 1300 554 474 Facsimile: +61 2 8287 0303
ASX Code	NWH – NRW Holdings Limited Fully Paid Ordinary Shares
Web Page	www.nrw.com.au

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Directors' Report

The Directors present their report together with the financial report of NRW Holdings Limited ('the Company") and its subsidiaries for the half year ended 31 December 2017. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows.

Directors

The following persons that held office as Directors of NRW Holdings Limited during or since the end of the half year and up to the date of this report are:

Name	Status	
Michael Arnett	Chairman Independent Non-Executive Director	Mr Arnett was appointed as a Director on 27 July 2007 and appointed Chairman on the 9 March 2016.
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.
Jeff Dowling	Non-Executive Director	Mr Dowling was appointed as a Director on 21 August 2013.
Peter Johnston	Non-Executive Director	Mr Johnston was appointed as a Director on 1 July 2016.

Company Secretary

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

Principal Activities

NRW Holdings Limited provides diversified services to the resources, energy, civil infrastructure and urban development sectors.

The Company acquired Golding Group Pty Ltd (Golding) on the 31 August 2017 the results of which have been incorporated into this report from 1 September 2017.

Results for the half-year and review of operations

Financial Performance

NRW reported revenues including revenue generated by associates of $345.3 million, (statutory revenue of $312.7 million) which compares to $176.6 million (statutory revenue of $171.3 million) in the same period last year. The increase in revenue was mostly due to the acquisition of Golding.

Net profit after tax (NPAT) improved to $15.3 million compared to $11.6 million in the same period last year. The result includes an improvement in earnings before interest, tax, depreciation, amortisation and before $2.5 million of transaction costs (EBITDA) to $40.3 million, up 38% on the prior comparative period due to higher sales activity. Transaction costs are mostly advisor fees relating to the acquisition of Golding. NPAT includes a $2.7 million tax credit due to the recognition of additional tax assets.

Cash holdings at 31 December 2017 improved to $53.0 million compared to $42.3 million at 30 June 2017. Debt increased to $102.8 million compared to $63.1 million, the increase in debt is due to incremental acquisition finance of $48 million less repayments in support of the Golding acquisition.

Business Segments

Following the successful acquisition of Golding, NRW has structured its business reporting into three segments, Civil, Mining and Drill & Blast. The Civil business comprises the existing NRW Civil activities together with the Golding Civil and Urban businesses. Mining consolidates the Mining businesses of NRW and Golding together with NRW's Mining support business AES Equipment Solutions. Action Drill & Blast constitutes the third reporting segment. The performance of the three businesses is outlined below:

Civil

The Civil business specialises in the delivery of private and public civil infrastructure projects (roads, bridges, air strips and marine), mine development, bulk earthworks, rail formation, concrete installations, non-process infrastructure, and commercial and residential subdivisions.

Revenues increased significantly to $161.1 million compared to $41.8 million in the same period last year. The increase reflects work undertaken by Golding in Civil infrastructure projects and residential subdivisions, activity in Western Australia on a number of resource projects and the Forrestfield Airport Link contract. Earnings before interest, tax and depreciation (EBITDA) improved to $9.7 million due to the higher revenues, compared to a loss of $0.4 million in the same period last year. The loss last year was due to low volumes of activity and business development activities in support of winning new business.

Mining

The Mining business specialises in mine management, contract mining, load and haul, dragline operations, coal handling prep plants, maintenance services and the fabrication of water and service vehicles.

Activity in the six months ending 31 December 2017 included mining support at Middlemount and contract mining at Kogan Creek, Curragh, Isaac Plains and Pilgangoora. Revenues of $133.1 million were higher than the same period last year ($104.5 million) due to the inclusion of Golding projects partly offset by lower activity in Western Australia as a consequence of the completion of Nammuldi Incremental Tonnes contract in March 2017. Earnings before interest, tax and depreciation (EBITDA) improved to $25.4 million compared to $24.4 million in the same period last year. Margin changes reflect adverse weather, a different mix as a result of the Golding acquisition and receipt of contract incentives, (based on improvements in the market price for coal) in the six months ending 31 December 2016 recovered from prior periods.

Drill and Blast

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

Revenues increased to $56.1 million compared to $35.0 million in the prior comparative period mostly due to the acquisition of the east coast business of Hughes Drilling in December 2016. Earnings before interest, tax and depreciation (EBITDA) increased to $4.9 million compared to $3.8 million in the same period last year. Margins were down due to the mix of work, weather impacts particularly in coal, and lower drill utilisation.

Balance Sheet, Operating Cash Flow and Capital Expenditure

Net assets increased to $244.6 million in the six-month period due to the reported profit and a net $28.9 million capital raising. The capital raising was in the form of a $25.0 million (pre costs) placement to qualified institutional and sophisticated investors and a $5.0 million (pre costs) share purchase plan (SPP). The funds raised, incremental debt finance of $48 million provided by NRW's banking partner and internal cash resources were used to acquire Golding.

Net debt increased to $49.8 million compared to $20.8 million at June 2017 following the acquisition of Golding. The Company continues to generate strong cashflows reporting only a relatively modest increase in working capital in the half year mostly due to growth in civil projects where payment terms are being extended by clients. Capital expenditure at $15.2 million was higher than last year due to the inclusion of Golding and increased major component spend due to fleet scheduled maintenance cycles. Gearing improved to 20.4% compared to the pro forma gearing position advised post acquisition of 33%. Gearing at June 2017 was 10.5%.

The Group was in full compliance with its debt covenants as at 31 December 2017.

At December 2017 unrecognised deferred tax balances reduced to $13.4 million compared to $21.9 million as at June 2017.

Outlook

NRW has an order book of circa $1.6 billion which includes approximately $360 million of work scheduled for delivery in the second half of the year. The quality of prospects continues to improve and more closely aligns with NRW's historic delivery capability and enhanced delivery capability as a result of the Golding acquisition. The pipeline of opportunities is currently valued at $6 billion of which approximately $1.5 billion are active tenders. These tenders are spread across the Civil business in iron ore and public infrastructure and in Mining in coal, lithium, nickel, gold and bauxite.

Interim Dividend

The Directors have determined not to pay a dividend. The acquisition of Golding was funded from new debt, new equity and cash reserves. The Directors have concluded that the business should retain current cash balances to ensure debt is fully serviced, to provide sufficient liquidity to meet existing business commitments and to support opportunities particularly new capital equipment to support new work (as recently announced for the $324 million Dalgaranga project) as they arise.

Significant Events after Period End

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

Auditor's Independence Declaration

The Directors received the Auditor's Independence Declaration from the auditor of the Company, which is included on page 8 of the interim financial report.

Rounding of Amounts

The Company is a company of the kind referred to in *ASIC Corporations* (*Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s306(3) of the *Corporations Act 2001.*

On behalf of the Directors

Julian Pemberton	**Michael Arnett**
Chief Executive Officer	Chairman
Dated this 19 February 2018	

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The Board of Directors
NRW Holdings Limited
181 Great Eastern Highway
BELMONT WA 6014

19 February 2018

Dear Board Members

NRW Holdings Limited

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

As lead audit partner for the review of the financial statements of NRW Holdings Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

AT Richards
Partner
Chartered Accountants

Directors' declaration

The Directors of the Company declare that:

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

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

Signed in accordance with a resolution of the Directors made pursuant to s303(5) of the *Corporations Act 2001.*

On behalf of the Directors

Julian Pemberton

Chief Executive Officer
Dated this 19 February 2018

Michael Arnett

Chairman

Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

	Notes	Consolidated Half-year ended 31 December 2017 $'000	Consolidated Half-year ended 31 December 2016 $'000
Revenue	4	312,734	171,344
Finance income		286	107
Finance costs		(3,462)	(3,210)
Share of loss from associates		(524)	(601)
Materials and consumables		(51,253)	(21,088)
Employee benefits expense		(90,069)	(54,241)
Subcontractor costs		(79,818)	(38,068)
Depreciation and amortisation expenses		(21,968)	(14,333)
Plant and equipment costs		(49,337)	(27,949)
Other expenses		(3,974)	(2,513)
Profit before income tax		12,615	9,448
Income tax benefit	5	2,734	2,131
Total comprehensive income		**15,349**	**11,579**
Profit attributable to:			
Equity holders of the Company		15,349	11,579
Total comprehensive income attributable to:			
Equity holders of the Company		15,349	11,579
Earnings per share (cents per share)			
Basic earnings per share		4.3	3.8
Diluted earnings per share		4.3	3.8

Condensed consolidated statement of financial position
As at 31 December 2017

	Notes	Consolidated Half-year ended 31 December 2017 $'000	Consolidated Full-year ended 30 June 2017 $'000
Assets			
Current assets			
Cash and cash equivalents		52,965	42,264
Trade and other receivables		97,411	53,034
Inventories		20,025	16,288
Other current assets		4,802	4,511
Total current assets		**175,203**	**116,098**
Non-current assets			
Property, plant and equipment	7	200,709	174,081
Intangible assets	8	26,010	1,763
Goodwill	9	37,221	-
Investments in associates		2,830	3,354
Deferred tax assets		35,110	36,270
Total non-current assets		**301,880**	**215,468**
Total assets		**477,083**	**331,566**
Liabilities			
Current liabilities			
Trade and other payables		102,807	52,026
Borrowings	10	36,816	16,705
Current tax liabilities		1,621	511
Provisions		19,382	13,964
Total current liabilities		**160,626**	**83,206**
Non-current liabilities			
Borrowings	10	65,956	46,395
Provisions		5,875	2,892
Total non-current liabilities		**71,831**	**49,287**
Total liabilities		**232,457**	**132,493**
Net assets		**244,626**	**199,073**
Equity			
Contributed equity	11	206,105	176,901
Reserves	12	4,162	3,162
Retained earnings / (Accumulated losses)	13	34,359	19,010
Total equity		**244,626**	**199,073**

Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2017

	Contributed equity $'000	Foreign currency translation reserve $'000	Share based payment reserve $'000	Retained earnings/ (Accumulated losses) $'000	Total Equity $'000
Balance at 1 July 2016	**156,432**	**(208)**	**3,085**	**(9,519)**	**149,791**
Profit for the period	-	-	-	11,579	11,579
Total comprehensive income for the period	**-**	**-**	**-**	**11,579**	**11,579**
Issue of ordinary shares under institutional share placement	20,497	-	-	-	20,497
Share issue costs net of tax	(549)	-	-	-	(549)
Issue of shares to executives	522	-	-	-	522
Share based payment expense	-	-	300	-	300
Issue of shares to employees	21	-	-	-	21
Acquisition of treasury shares	(23)	-	-	-	(23)
Balance at 31 December 2016	**176,901**	**(208)**	**3,385**	**2,061**	**182,140**
Balance at 1 July 2017	**176,901**	**(208)**	**3,370**	**19,010**	**199,073**
Profit for the period	-	-	-	15,349	15,349
Total comprehensive income for the period	**-**	**-**	**-**	**15,349**	**15,349**
Issue of ordinary shares under institutional share placement	25,024	-	-	-	25,024
Issue of ordinary shares under share purchase plan	5,000	-	-	-	5,000
Share issue costs net of tax	(820)	-	-	-	(820)
Share based payment expense	-	-	1,000	-	1,000
Balance at 31 December 2017	**206,105**	**(208)**	**4,370**	**34,359**	**244,626**

Condensed consolidated statement of cash flows
For the half-year ended 31 December 2017

	Notes	Consolidated Half-year ended 31 December 2017 $'000	Consolidated Half-year ended 31 December 2016 $'000
Cash flows from operating activities			
Cash receipts from customers		342,059	176,053
Cash paid to suppliers and employees		(307,012)	(152,940)
Interest paid		(3,462)	(3,210)
Interest received		286	107
Income tax paid		(395)	(1)
Net cash provided by operating activities	14	**31,476**	**20,009**
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		197	173
Advances to associates		-	(50)
Acquisition of property, plant and equipment		(15,236)	(8,151)
Payment for business acquired	6	(71,904)	(11,000)
Net cash used in investing activities		**(86,943)**	**(19,028)**
Cash flows from financing activities			
Proceeds from issues of equity instruments of the Company		30,024	20,497
Payment for share issue costs		(1,172)	(784)
Proceeds from issue of debt securities		-	70,000
Payment for debt issue costs		-	(2,100)
Proceeds from borrowings		53,072	3,503
Repayment of borrowings and finance/hire purchase liabilities		(15,756)	(98,216)
Acquisition of shares by NRW Employee Share Trust		-	(23)
Net cash provided by / (used in) financing activities		**66,168**	**(7,122)**
Net increase/(decrease) in cash and cash equivalents		**10,701**	**(6,141)**
Cash and cash equivalents at beginning of the period		**42,264**	**37,182**
Cash and cash equivalents at the end of the period		**52,965**	**31,041**

Notes to the condensed consolidated financial statements are included on pages 14 to 26.

Notes to the consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *'Interim Financial Reporting'.* Compliance with AASB 134 ensures compliance to International Financial Reporting Standards IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2017 annual financial report for the financial year ended 30 June 2017, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Amendments to Accounting Standards that are mandatorily effective for the current reporting period

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

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

IAS 7	Amendments to IAS 7 - Disclose Initiative
IAS 12	Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

2. Critical accounting judgments and key sources of estimation uncertainty

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share Based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Noncurrent Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Revenue recognition on construction contracts

The Group accounts for construction contracts in accordance with AASB 111 Construction Contracts. Accounting for construction contracts involves the continuous use of assessed estimates based on a number of detailed assumptions consistent with the project scope and schedule, contract and risk management processes. These contracts may span several accounting periods requiring estimates and assumptions to be updated on a regular basis.

Details of the estimation procedures followed in accounting for the Group's construction contracts are provided 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.

Where the outcome of a 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.

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).

Intangibles

Goodwill

Goodwill arising on an acquisition of a business is carried at cost established at the date of the acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the Consolidated Statement of Profit or Loss and Comprehensive Income. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal

Brand Names

Brand names recognised by the Group have an indefinite useful life and are not amortised. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support and indefinite useful life assessment for the asset.

Customer relationships

Customer relationships are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Customer relationships have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. They are amortised over their useful life ranging from 0.5 - 5 years.

Software

Software is recognised at cost of acquisition. Software has a finite life and is carried at cost less any accumulated amortisation and any impairment losses. Software is amortised over its useful life ranging from 2 – 6 years.

Useful lives of property, plant and equipment

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.

Taxation

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 cause 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.

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. A net deferred tax asset of $35.1 million has been recognised on the face of the Consolidated Statement of Financial Position. 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.

3. Segment Information

(a) Reportable segments

NRW has structured its business reporting into three segments, Civil, Mining and Drill & Blast. The Civil business comprises the existing NRW Civil activities together with the Golding Civil and Urban businesses. Mining consolidates the Mining businesses of NRW and Golding together with NRW's Mining support business Action Equipment Solutions. Action Drill & Blast constitutes the third reporting segment.

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 determination of the segments has changed following the acquisition of the Golding business (note 6) and the corresponding items of segment information for the comparative period have been restated accordingly.

(b) Segment revenues and profit

	Consolidated half-year ended 31 December 2017 $'000			Consolidated half-year ended 31 December 2016 $'000		
	Revenue	**Earnings**	**EBITDA**	**Revenue**	**Earnings**	**EBITDA**
Civil	161,148	7,789	9,729	41,801	(1,539)	(379)
Mining	133,072	13,453	25,413	104,495	14,306	24,430
Drill and Blast	56,069	1,658	4,858	35,024	1,559	3,830
Inter-segment eliminations	(5,029)	-	-	(4,745)	-	-
Unallocated costs	-	(2,284)	(1,585)	-	(2,600)	(1,822)
Interest costs in segment results above	-	1,900	1,900	-	3,188	3,188
Group revenue inc. Associates/ Normalised EBIT/EBITDA	**345,260**	**22,516**	**40,315**	**176,575**	**14,914**	**29,247**
Share of revenue from equity accounted associates	(32,526)	-	-	(5,231)	-	-
Amortisation	-	(4,191)	-	-	-	-
Transaction costs	-	(2,534)	-	-	(2,364)	-
Revenue and earnings before interest and tax	**312,734**	**15,791**	**-**	**171,344**	**12,550**	**-**
Net finance costs	-	(3,176)	-	-	(3,104)	-
Income tax benefit	-	2,734	-	-	2,131	-
Total statutory revenue/ Total comprehensive income	**312,734**	**15,349**	**-**	**171,344**	**11,579**	**-**

4. Revenue

During the period, revenue was derived by the consolidated entity through an equity accounted joint venture. In accordance with Accounting Standards, the consolidated entity's share of revenue from equity accounted joint ventures is excluded from revenue noted in the income statement. Details of the consolidated entity's share of equity accounted joint venture revenue is provided as additional information below.

	Consolidated half-year ended 31 December 2017 $'000	Consolidated half-year ended 31 December 2016 $'000
Revenue – Group and equity accounted joint ventures	345,260	176,575
Equity accounted joint ventures	(32,526)	(5,231)
Revenue	**312,734**	**171,344**

5. Taxation

A reconciliation of tax expense applicable to accounting profit before tax at the statutory income tax rate to tax expense at the Group's effective tax rate for the periods ended 31 December 2017 and 2016 is provided below:

	Consolidated half-year ended 31 December 2017 $'000	Consolidated half-year ended 31 December 2016 $'000
Accounting profit before tax	12,615	9,448
At the statutory income tax rate of 30% (2016: 30%)	**3,785**	**2,834**
Adjustment relating to prior period	2,042	-
Previously unrecognised deferred tax assets	(8,561)	(4,965)
Income tax benefit	**(2,734)**	**(2,131)**

Adjustments relating to prior periods are due to a reassessment of the tax base of property, plant and equipment acquired from Hughes.

Unused tax losses for which no deferred tax assets have been recognised total $13.4 million (June 2017 - $21.9 million).

6. Business acquisition

On 31st August 2017, the Company concluded the acquisition of Golding Group Pty Ltd (Golding). Total consideration for Golding was $85.0 million for 100% of the shares.

The principal activities of Golding include:

- Civil construction including bulk earthworks and infrastructure development capability in relation to roads, rail, bridges and ports.
- Urban Solutions including earthworks, drainage, roads, energy and water infrastructure projects.
- Mining Services including mine development and operations from construction of mine-site infrastructure and removal of overburden and topsoil to open cut mining. Services include specialist mine site rehabilitation works, environmental dam construction, and reclamation earthworks.

Acquisition related costs amounting to $2.5 million have been excluded from the consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss for the period ended 31 December 2017.

(a) Assets acquired and liabilities assumed at the date of acquisition

	$'000
Current assets	
Cash and cash equivalents	13,096
Trade and other receivables	36,917
Inventories	2,209
Other current assets	723
Total current assets	**52,945**
Non-current assets	
Property, plant and equipment	28,643
Intangibles	29,137
Total non-current assets	**57,780**
Total assets	**110,725**
Current liabilities	
Trade and other payables	36,983
Borrowings	2,358
Current tax liabilities	1,504
Provisions	6,978
Total current liabilities	**47,823**
Non-current liabilities	
Provisions	10,876
Deferred tax liability	4,247
Total non-current liabilities	**15,123**
Total liabilities	**62,946**
Net assets acquired	**47,779**

(b) Goodwill arising on acquisition

Goodwill arising on acquisition	$'000
Consideration paid in cash	85,000
Less fair value of identifiable net assets acquired	(47,779)
Goodwill arising on acquisition	**37,221**

Goodwill arose on acquisition of Golding as consideration paid for the combination included amounts in relation to the benefit of expected synergies, future market development, and the assembled workforce of Golding. These benefits are not recognised seperately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

(c) Net cash outflow on acquisition

	$'000
Consideration paid in cash	85,000
Less cash and cash equivalents acquired	(13,096)
Net cash outflow on acquisition	**71,904**
Add debt assumed	2,358
Net financing on acquisition	**74,262**

(d) Impact of acquisition on the results of the Group

Had the acquisition of Golding been effected at 1 July 2017, the revenue of NRW from continuing operations for the period ended 31 December 2017 would have been $378.5 million excluding any adjustment for intercompany transactions which were at “arms length” in the period NRW did not control Golding. Net Earnings for the same period would have been $20.6 million excluding any incremental amortisation of Intangible assets which has not been assessed for the period NRW did not control Golding and based on internal assessments of tax liabilities by Golding management.

The results for Golding in the four month period since acquisition are Revenues of $121.3 million. Net Earnings for the four months post acquisition have been assessed at $6.2 million which includes amortisation arising on the transaction, interest costs of the loan relating to the acquisition and an effective tax rate of 30% as Golding had no carry forward losses on acquisition.

7. Property, plant and equipment

Property, plant and equipment held by the Group include:

	Land	Buildings	Leasehold improve-ments	Plant & equipment	Total
COST					
Balance as at 30 June 2016	**3,218**	**6,514**	**1,431**	**498,982**	**510,144**
Assets recognised on business combinations	-	-	-	12,276	12,276
Additions	-	-	-	15,909	15,909
Disposals	-	-		(24,192)	(24,192)
Balance as at 30 June 2017	**3,218**	**6,514**	**1,431**	**502,974**	**514,137**
Assets recognised on business combinations (note 6)	-	-	3,145	141,380	144,525
Additions	-	-	-	15,236	15,236
Disposals	-	-	(45)	(7,348)	(7,393)
Balance as at 31 December 2017	**3,218**	**6,514**	**4,530**	**652,243**	**666,505**
DEPRECIATION					
Balance as at 30 June 2016	**1,000**	**4,645**	**1,269**	**330,554**	**337,470**
Depreciation expense	-	323	162	25,707	26,192
Disposals	-	-	-	(23,607)	(23,607)
Balance as at 30 June 2017	**1,000**	**4,969**	**1,431**	**332,656**	**340,055**
Recognised from business combination (note 6)	-	-	2,820	113,061	115,881
Depreciation expense	-	136	87	16,855	17,078
Disposals	-	-	(45)	(7,174)	(7,219)
Balance as at 31 December 2017	**1,000**	**5,105**	**4,292**	**455,398**	**465,796**
CARRYING VALUE					
At 30 June 2017	2,218	1,545	-	170,318	174,081
At 31 December 2017	2,218	1,409	238	196,844	200,709

8. Intangibles

Intangibles held by the Group include:

	Software & Systems	Licences	Brand Name	Customer Relationships	Total
COST					
Balance as at 30 June 2016	**19,813**	**1,453**	**-**	**-**	**21,267**
Additions	-	-	-	-	-
Balance as at 30 June 2017	**19,813**	**1,453**	**-**	**-**	**21,267**
Assets recognised on business combinations (note 6)	7,273	-	8,916	18,894	35,083
Balance as at 31 December 2017	**27,086**	**1,453**	**8,916**	**18,894**	**56,350**
AMORTISATION					
Balance as at 30 June 2016	**16,969**	**1,440**	**-**	**-**	**18,409**
Amortisation expense	1,090	5	-	-	1,095
Balance as at 30 June 2017	**18,059**	**1,445**	**-**	**-**	**19,504**
Assets recognised on business combinations (note 6)	5,946	-	-	-	5,946
Amortisation expense	696	3	-	4,191	4,890
Balance as at 31 December 2017	**24,701**	**1,448**	**-**	**4,191**	**30,340**
CARRYING VALUE					
At 30 June 2017	1,755	8	-	-	1,763
At 31 December 2017	2,385	6	8,916	14,703	26,010

9. Goodwill

	Consolidated half-year ended 31 December 2017 $'000	Consolidated full-year ended 30 June 2017 $'000
Gross carrying amount		
Balance at beginning of the period	-	-
Amounts recognised from business combinations occurring during the period (note 6)	37,221	-
Balance at end of the period	**37,221**	**-**

10. Borrowings

During the half year ended 31 December 2017 the Company agreed a $48 million debt facility with its lead banker to be used to finance the acquisition of Golding. The debt is fully repayable over 3 years on a quarterly basis. Other than the facility above the balance of debt mostly relates to the outstanding balance on senior secured corporate notes. The notes were issued in December 2016 with a four-year term.

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

(a) Group borrowings

	Consolidated half-year ended 31 December 2017 $'000	Consolidated full-year ended 30 June 2017 $'000
SECURED AT AMORTISED COST		
Current		
Corporate notes	16,940	16,331
Golding acquisition loan	16,200	-
Finance lease liability	516	374
Insurance funding	3,160	-
Total current borrowings	**36,816**	**16,705**
Non-current		
Corporate notes	37,595	46,153
Golding acquisition loan	28,000	-
Finance lease liability	361	241
Total non-current borrowings	**65,956**	**46,394**
GROUP TOTAL BORROWINGS	**102,772**	**63,099**

(b) Banking facilities

In addition to the debt facility advised above the Company has an agreed multi option general banking facility with a regional bank based in Western Australia. The agreement provides NRW with a facility to be used for contract guarantees, and a facility which can be used for either contract guarantees or as working capital (an overdraft facility).

Consolidated banking facilities as at 31 December 2017:

	Face Vale (limit) $'000	Carrying Amount (utilised) $'000	Unutilised Amount $'000
Corporate notes	54,535	54,535	-
Golding acquisition loan	44,200	44,200	-
Asset financing	877	877	-
Insurance premium funding	3,160	3,160	-
Guarantees and insurance bonds	135,000	36,691	98,309

Consolidated banking facilities as at 30 June 2017:

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

11. Contributed equity

	Consolidated Half-year ended 31 December 2017		Consolidated Full-year ended 30 June 2017	
Ordinary shares	***No.***	***$'000***	***No.***	***$'000***
Balance at the beginning of the period	321,775,556	176,901	278,877,219	156,432
Capital raising at $0.49 share	-	-	41,833,201	20,497
Capital raising at $0.68 share	36,800,000	25,024	-	-
Share issue under SPP at $0.68 share	7,352,941	5,000	-	-
Share issue costs	-	(1,172)	-	(784)
Income tax related to share issue costs	-	352	-	235
Issue of shares to executives	4,689,583	-	1,065,136	522
Issue of shares to employees	-	-	-	21
Acquisition of treasury shares	-	-	-	(23)
Balance at the end of the period	**370,618,080**	**206,105**	**321,775,556**	**176,901**

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

The Company has on issue a total of 370,628,872 (June 2017: 321,786,348) ordinary shares, of which 10,792 (June 2017: 10,792) shares were held by subsidiairies of the Company and eliminated on consolidation.

12. Reserves

	Consolidated Half-year ended 31 December 2017 $'000	Consolidated Full-year ended 30 June 2017 $'000
Share based payment reserve		
Balance at the beginning of the financial year	3,370	3,085
Share based payment expense	1,000	285
Balance at the end of the financial year	**4,370**	**3,370**
Foreign currency translation reserve	(208)	(208)
Total reserves	**4,162**	**3,162**

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.

13. Retained earnings / (Accumulated losses)

	Notes	Consolidated Half-year ended 31 December 2017 $'000	Consolidated Full-year ended 30 June 2017 $'000
Balance at the beginning of the period		19,010	(9,519)
Net profit attributable to members of the parent entity		15,349	28,527
Dividends paid	15	-	-
Balance at the end of the period		**34,359**	**19,010**

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

	Notes	Consolidated Half-year ended 31 December 2017 $'000	Consolidated Half-year ended 31 December 2016 $'000
Profit before income tax:		12,615	9,448
Gain / (loss) on sale of property, plant and equipment		(24)	16
Depreciation and amortisation expenses		21,968	14,333
Transaction costs		2,534	2,364
Net finance costs		3,176	3,104
Normalised EBITDA		**40,269**	**29,265**
Transaction costs		(2,534)	(2,364)
Net finance costs		(3,176)	(3,104)
Net cash generated before movement in working capital		**34,559**	**23,797**
Net working capital movement		(3,083)	(3,788)
Net cash from operating activities		**31,476**	**20,009**

15. Dividends

During the period, NRW Holdings Limited did not make any dividend payments. The Directors have resolved not to declare a dividend in respect of the period ended 31 December 2017 (2016 – nil).

16. Subsequent events

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

Deloitte.

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of NRW Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2017, consolidated statement of profit and loss and comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-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 end of the half-year or from time to time during the half-year as set out on pages 9 to 26.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NRW Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Deloitte.

Auditor's Independence Declaration

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Tim Richards
Partner
Chartered Accountants
Perth, 19 February 2018

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