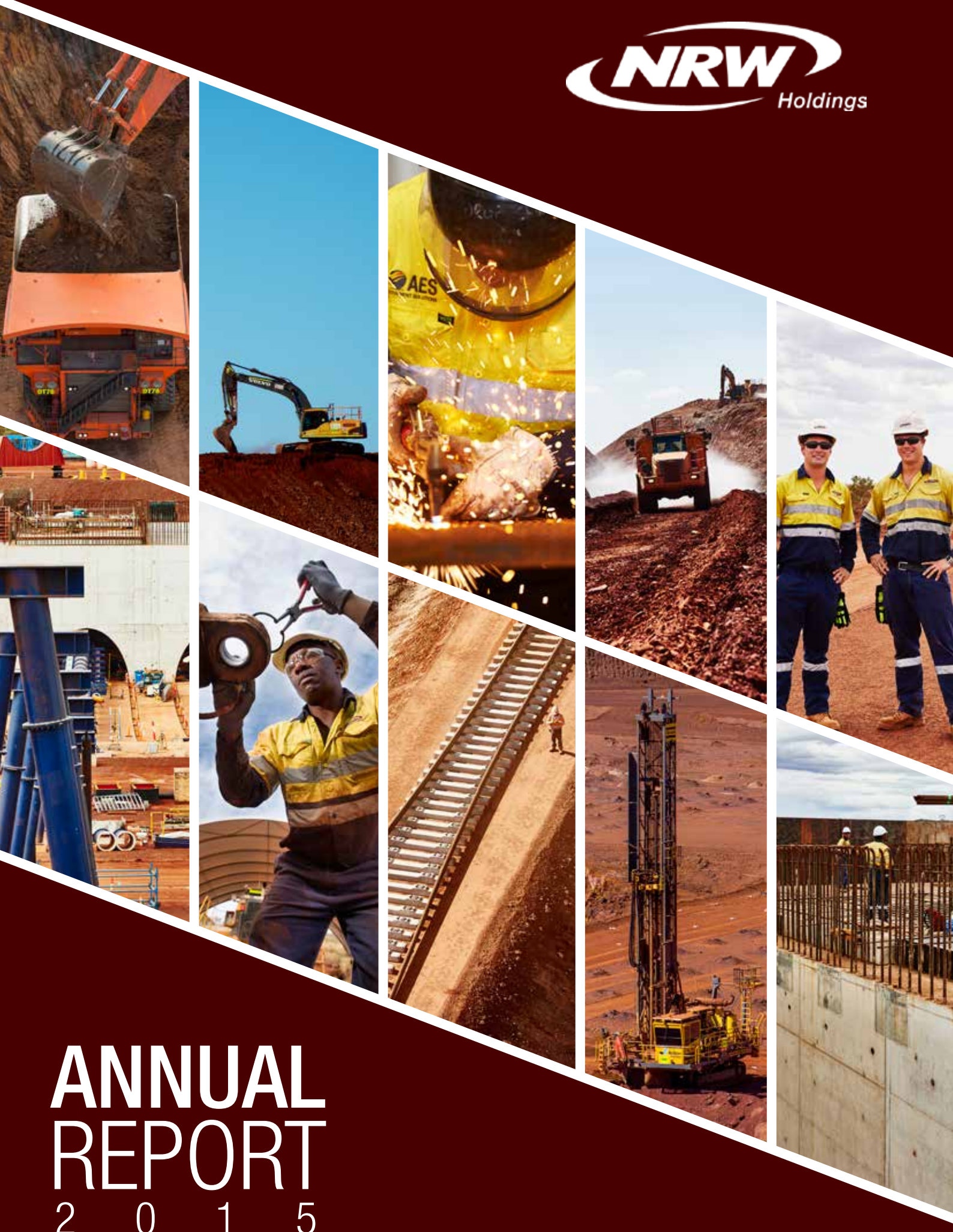
NRW Holdings



ANNUAL REPORT 2015

CORPORATE **REGISTRY**

DIRECTORS

Dr Ian Burston
Non-Executive Chairman

Julian Pemberton
Executive Director and Chief Executive Officer

Michael Arnett
Non-Executive Director

John Cooper
Non-Executive Director

Jeffrey Dowling
Non-Executive Director

COMPANY SECRETARY

Kim Hyman

REGISTERED OFFICE

181 Great Eastern Highway, Belmont WA 6104
T +61 8 9232 4200 F +61 8 9232 4232 E info@nrw.com.au

AUDITOR

Deloitte Touche Tohmatsu, Level 14 Woodside Plaza
240 St Georges Terrace, Perth WA 6000

SHARE REGISTRY

Link Market Services Limited, Level 4 Central Park
152 St Georges Terrace, Perth WA 6000
T +61 1300 554 474 F +61 2 8287 0303

ASX CODE

NWH – NRW Holdings Limited
Fully Paid Ordinary Shares

www.nrw.com.au

HITACHI
EX1005A

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CHAIRMAN'S **LETTER**

The 2015 Financial Year was a year of profound challenges for NRW, both in terms of operations and consequent financial performance.

I am disappointed to report that NRW incurred a loss of $229.8 million on revenues of $775.9 million for the year. It should be noted however that the loss was primarily driven by the impairment of assets and write off of goodwill across the business.

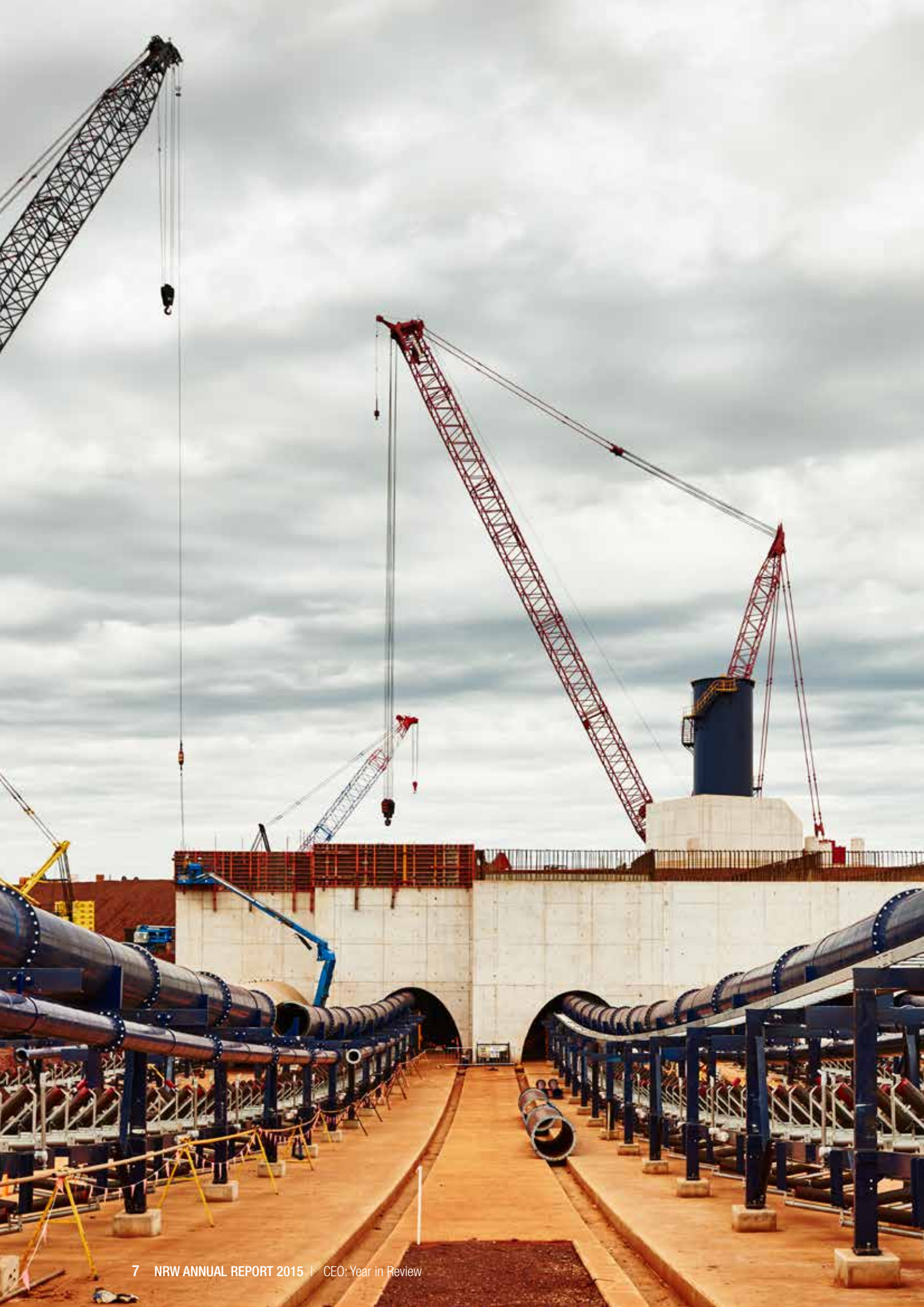
The other significant component of the reported loss relates to the Roy Hill Rail contract. As has been widely reported in the media, NRW has, unfortunately had to resort to legal action against the head contractor Samsung C & T, in order to recover monies owed.

This outcome is particularly regrettable given that the project, valued at over $600 million was completed and delivered to the client in line with the contract. Despite these challenges and a continuing softening of market conditions in the mining services sector the Board remains committed to restoring positive financial performance from the company in order to deliver value to its shareholders.

It will be a hard road without doubt, however the company has made the difficult decisions in terms of personnel and operating cost reductions in order to reposition and respond to the prevailing conditions.

With the support of management, staff and shareholders I remain confident of an improved performance in the coming year.

DR IAN BURSTON
CHAIRMAN
NRW Holdings Limited



CHIEF EXECUTIVE OFFICER **YEAR IN REVIEW**

I present to both, our shareholders and stakeholders, the results of NRW Holdings Limited for the financial year ended 30 June 2015.

OVERVIEW

- Revenue of $775.9M lower than last year ($1,134.5M) – due to down cycle of Resources sector.
- An impairment charge of $157.3M – higher than reported at the half year recognising further deterioration of equipment values in the second half of the financial year.
- Roy Hill Rail (RHR) Project dispute ongoing.
- Year-end cash balance impacted by Samsung C&T (Samsung) dispute and debt repayments from $155.5M to $34.6M.
- Significant reduction in Debt of $47.3M – $142.2M as at June 15 compared to $189.5M at June 14.
- Net loss reported of $229.8M.
- Order Book of $663M at August 15, which includes the recent award from Rio Tinto for Nammuldi and the Middlemount contract extension to 2020 secured earlier in the year.

NRW reported revenues of $775.9 million, lower than last year ($1,134.5 million), reflecting lower client spend in the mining services sector and due to projects completed in the first half of FY14. The result is a net loss in the year of $229.8 million. The loss is driven by an impairment of assets, ($157.3 million) reflecting significant reductions in current asset market values, a write-off of goodwill, and a loss on the Roy Hill Rail Project for Samsung. The loss in the year compares to net earnings of $44.2 million last year.

The Roy Hill Rail Project loss recognises that it is unlikely that an outcome can be negotiated which supports a position where the company can at least recover costs incurred on the Contract. Consequently, the full year accounts assume agreement of a final Contract value below costs incurred on the Project. It is worth noting that the Roy Hill Rail Project was completed within an extremely challenging timeframe and was delivered to the required quality standard. Simultaneously, NRW continued to work on the Roy Hill Concrete Package for the same customer and to date, has delivered a technically and commercially successful Project to time and cost.

As a consequence of reduced project opportunities and a highly competitive bid environment, the company has taken action to reduce costs to reflect lower activity levels. Employee numbers have reduced from 3,092 to 846 as at 30 June 15. The movement includes blue collar workforce reductions of 2,022 and staff reductions of 224 people over projects and business support.

Activity in the year on Civil projects included the completion of 330km of rail formation for the Roy Hill Rail Project, continuation of work on the Roy Hill Concrete Package and further development work for Rio Tinto on the Nammuldi Iron Ore site. The business also secured the Ravensthorpe Heavy haulage Route Project for Main Roads WA.

The Mining Division maintained relationships with key clients in the 2015 financial year. The Division continued to provide a range of mining services to the North Star Magnetite Project for Fortescue Metals Group; completed box cut development work at the Nova Nickel Project for Sirius Resources; and supported operations at the Middlemount Coal Mine for Middlemount Coal.

NRW's Middlemount Coal Project is a long term contract to supply and maintain dry hire equipment. Earlier this year we were pleased to announce an extension of that contract to 2020. The importance of this extension is the improved certainty it provides to service current asset financing – Around $79.7 million of the company's debt relates to equipment deployed on this Project.

CHIEF EXECUTIVE OFFICER **YEAR IN REVIEW**

The new Contract extension is valued at $330 million and provides the basis to fully fund NRW's current principle, interest and refinancing costs on that debt.

Action Drill & Blast's (ADB) activity levels across the sector were lower in FY15 resulting in part from some clients putting their sites into care and maintenance regimes. Revenues were lower at $85.9 million compared to $110.0 million in June 14. Earnings of $1.0 million were down on the previous year ($7.0 million) as a consequence of lower Revenues and lower equipment utilisation. The business secured a contract extension at the Greenbushes Project for three years and rebid and retained a two year extension for Fortescue's Cloudbreak mine site. New work also included the provision of services at: Fortescue's Solomon Project; three coal projects for Thiess; Nova Nickel for NRW; and St Ives for Gold Fields.

Revenues in AES Equipment Solutions (AES) reduced to $15.3 million compared to $28.0 million in the prior comparative period, reflecting a marked downturn in market activity particularly for service vehicles and water trucks. The activity reduction in this part of the business accounted in full for the pre impairment loss in the year of $2.0 million – which compared to a loss of $0.8 million in FY14. A number of cost reduction measures and productivity improvements were implemented in the year to mitigate the lower activity levels. The segment result includes an impairment expense of $21.3 million and provision for onerous lease of $0.8 million reflecting the downturn in the market in the last quarter of the 2014 calendar year and the resulting impact on expected levels of revenue in future years.

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 decreased in the year to 846 (June 2015) reflecting NRW's strategy to right size the business to align with work in hand. Safety is paramount across all NRW Projects and NRW's Lost Time Injury Frequency Rate (LTIFR) remained steady throughout FY15 increasing marginally from 0.17 (30 June 2014) to 0.19.

NRW is focused on improving the sustainable development of local communities and traditional owners of the areas in which we work. 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.

Over the past 12 months, the business has taken further actions to reduce its cost base to match expected revenue. Headcount numbers have been reduced by 2,246. The management team has been restructured to remove layers in the organisation, which are no longer appropriate given the lower activity levels. As the cost base is reset, we have achieved overhead reductions in excess of 35% whilst ensuring we still retain the necessary resources to address major opportunities as they arise.

OUTLOOK

NRW remains committed to working closely with its clients and is focused on lowering operating costs and delivering improved productivity. However, whilst this low commodity price environment persists, spending on expansions and new projects in the resources sector is likely to remain subdued.

Despite these headwinds and the competitive landscape, recent wins such as the two-year Nammuldi Mining contract and the three-year extension to the Middlemount contract to 2020 have provided reason for optimism as we enter the 2016 financial year.

As at August 2015, NRW's forward order book totals $663 million, of which $250 million is secured revenue for delivery during FY16. Encouragingly tender activity is high with the pipeline currently assessed at $2.5 billion.

NRW is also pleased to have been selected as the only West Australian-based contractor in consortia with global infrastructure provider Salini Impregilo as one of three shortlisted tenderers for the Forrestfield Airport Link Project. This government-backed Infrastructure project, together with a number of WA road programs, is expected to commence during the 2016 calendar year and should provide some balance to the downturn in the resources sector.

AS AT AUGUST 2015, NRW'S FORWARD ORDER BOOK TOTALS $663 MILLION, OF WHICH $250 MILLION IS SECURED REVENUE FOR DELIVERY DURING FY16. ENCOURAGINGLY TENDER ACTIVITY IS HIGH WITH THE PIPELINE CURRENTLY ASSESSED AT $2.5 BILLION.

HITACHI

CFO REPORT

NRW reported a net loss in the year of $229.8 million as a result of an impairment of assets ($157.3 million) and a loss on the Roy Hill Rail Project for Samsung C&T (Samsung). The loss in the year compares to net earnings of $44.2 million last year.

The Roy Hill Rail loss is based on the project completion costs and an assessment of the likely final contract price, including an agreed reassessment of the value of the actual contract quantities, an assessment of variations based on claims determined in favour of NRW through the Construction Contracts Act 2004 (WA), less allowances for reasonable back charges due under the contract to Samsung. The impairment charge includes goodwill write offs in the AES business and reductions to carrying values of plant due to current market rates and expected lower resale prices particularly on high hour, low utilisation and non-core fleet. In addition to the impairment the loss, included is a provision for onerous leases of $3.4 million.

As a consequence of the loss, net assets reduced to $128.4 million in the year whilst cash balances reduced from $155.5 million to $34.6 million. Despite this movement NRW has continued to service all debt servicing obligations, resulting in a debt reduction from $189.5 million to $142.3 million at 30 June 15. Net debt increased to $107.6 million (FY14 $34.0 million).

The company has worked closely with its banking group throughout the year, recognising that the Roy Hill Rail Contract would impact liquidity. The close working relationship with the company's finance providers resulted in an agreement of revised covenants, with which NRW was in full compliance at 30 June 15. However, the agreement was not concluded until after the balance sheet date and consequently, all debt has been classified in the balance sheet as current. NRW expects to remain in compliance with the revised covenants throughout the 2016 financial year.

NRW's auditors have included in their report, reference to comments in the 'Notes to the Accounts', in particular on the importance of resolving the current dispute with Samsung on the Roy Hill Rail Project. The Notes go on to explain the importance of the incremental cash anticipated to be generated from that settlement to the overall liquidity of the company. Our internal forecasts indicate there is sufficient capacity, given the business plans to meet all debt repayments in FY16, as scheduled up to and including March 2016 – without the need for any receipts from any settlement with Samsung. In the interim period and with the continued support from our banking group we will continue to review additional sources of funds and or to defer debt repayments due in June 2016 and beyond should a settlement with Samsung not be reached by that date.

Capital expenditure mostly related to a 20% share purchase in NewGen Drilling Pty Ltd in partnership with CalEnergy. The business provides services to the region's on-shore tight gas and shale basins and component replacements on the major equipment fleet.

Recognition of a loss in the year resulted in a tax benefit of $60.5 million representing an effective tax rate of 21%. In addition, further tax losses of $19.2 million were not recognised pending recoverability assessments for future years. A net deferred tax asset of $22.8 million has been recognised based on an initial assessment of future taxable profits.

NRW **CIVIL**

OVERVIEW

NRW's Civil Division continued to remain busy throughout the 2015 financial year and successfully completed a number of projects in a challenging market, including the Nammuldi Below Water Table Project, Roy Hill Rail and Concrete Projects.

The Division continued to build upon its long term relationships with key major resource clients including Rio Tinto, Fortescue, and Roy Hill. In addition to its long-term involvement in the resource sector, the Civil Division continued its diversification into urban infrastructure developments with the award of Ravensthorpe Heavy Haul Route for Main Roads WA and the shortlisting of the Salini Impregilo-NRW Joint Venture (SI-NRW JV) for the Forrestfield Airport Link Project.

During the period, NRW improved its Main Roads WA prequalification rating for both road and bridge construction. This improved rating will open further opportunities for tendering government infrastructure projects in both Western Australia and Queensland.

OUTLOOK

While the volume of resource projects has reduced, the sector remains an important area of work for NRW going forward. Along with our traditional clients of Rio Tinto, Fortescue, BHP Iron Ore and Roy Hill, we continue to assist a range of new clients seeking to develop new projects.

NRW is a leader in resource based civil construction and has the relevant experience, plant, equipment and people to carry out civil works on both resource and government infrastructure projects. As NRW continue to diversify, the company will focus on its involvement in urban infrastructure projects and look forward to building upon its Joint Venture with Italian contractor, Salini Impregilo. Through the SI-NRW JV, NRW has become the only Western Australian based contractor to be in consortia with a global infrastructure provider, for the Forrestfield Airport Link Project. The Joint Venture is one of three selected to tender the Project which is expected to commence in 2016.

OPERATIONS

Notwithstanding the difficult commercial issues on the Roy Hill Rail Project, our projects continue to be completed to client expectations. In FY15, NRW carried out a number of major contracts and contract extensions including:

- Ravensthorpe Heavy Haul Route – Main Roads WA
- Roy Hill Rail Project – Samsung C&T
- Roy Hill Concrete – Samsung C&T
- Herb Elliot Road – Fortescue Metals Group
- Utah Road Widening – Fortescue Metals Group
- Cape Lambert Minor Civil Works – Rio Tinto
- Mesa J Rail Backtrack – Rio Tinto
- Nammuldi Below Water Table Project – Rio Tinto

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NRW **MINING**

OVERVIEW

The Mining Division provides mining services, including a focus on mine development and contract mining, waste stripping and ore haulage. The Division is supported by a fully mobile work force and an extensive schedule of plant and equipment.

The Mining business notably secured a three year extension to the Middlemount Contract to provide mining fleet and maintenance services. The extension to 2020 has an estimated value of $330 million and the project is progressing well with targets being met.

In a Joint Venture between NRW and Njamal ICRG JV Pty Ltd, work continued at the North Star Mine for Ironbridge Operations, with mine development and establishment works nominally completed early in 2015. Following the construction phase, NRW focussed on the mining, stockpile management and plant feed, as the plant ramps up to full production.

Cost pressures were significant across the industry in FY15, as clients sought value and tendering for new work was competitive. Many new projects were deferred or cancelled due to restriction of mine development capital expenditure.

OUTLOOK

In July 2015, NRW's Mining Division announced a new mining contract for Rio Tinto at the Nammuldi Incremental Tonnes Project. This two year contract will utilise a significant amount of NRW plant and equipment and generate revenue of over $140 million.

While market conditions remain challenging, there is significant tender activity for projects expected to commence in 2016.

OPERATIONS

During the 2015 financial year, NRW carried out a number of major contracts and contract extensions including:

- Middlemount Coal Project – Middlemount Coal
- North Star Mine Development – Ironbridge Operations
- Nova Box Cut Development Works – Sirius Resources

Action Drill & Blast

OVERVIEW

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

In the 2015 financial year, the business was impacted by cost constraints in the resource sector resulting in lower activity levels in the year. In response, the business implemented a leaner operating model whilst maintaining a strong client focus.

In FY15 Action Drill & Blast:

- secured its first gold project, providing drilling services for Goldfields at St Ives;
- was awarded a new three year contract from Talison Lithium for drilling and blasting services at their Greenbushes lithium mine;
- secured a 24 month contract extension with Fortescue Metals Group for drilling services at their Cloudbreak operations; and
- executed a Joint Venture with Indigenous contractor, ICRG Guma.

Asset utilisation remains a critical performance indicator for the business. The second half of the year saw improvements in utilisation of large drills due to increased short term opportunities for major producers in Queensland. The same occurred for small drills on projects such as St Ives, where ADB utilised equipment previously dedicated to its civil operation

OUTLOOK

Action Drill & Blast is focussed on continuing to assist clients in reducing project costs by optimising production and improving blasting practices.

ADB is determined to increase its blasting services in the Australian mining and civil industries and is actively targeting various commodities including coal, gold and iron ore. The company is focussed on delivering the highest standard of service and equipment to clients nation-wide.

AES
EQUIPMENT SOLUTIONS

OVERVIEW

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 $15.3 million for the 2015 financial year, impacted by a continued reduction in demand for Service and Water Trucks and slowing demand for equipment repairs and maintenance.

In response, the business implemented a number of cost reduction measures and changes to improve productivity. These reductions included removing management and supervision levels across the business to provide a more flexible and responsive workforce.

OUTLOOK

The level of growth and opportunities within the business will continue to be influenced by the level of investment in the resources and infrastructure sectors.

AES will continue to improve its service offering recognising the importance of delivering what are clients need, measured through quality of work, timeliness of delivery and cost.

HUMAN RESOURCES

OVERVIEW

NRW has continued to build on its relationship with employees by implementing a Civil Enterprise Agreement (approved by Fair Work Australia). In addition, NRW negotiated and established a Coal Mining Enterprise Agreement with its workforce at the Middlemount Coal Project. During FY15 there was no lost time due to industrial disputes.

NRW has reported to the Workplace Gender Equality Agency, with 12.4% females across the total workforce during the year which is directly comparable to the mining industry average of 14% and far exceeds the industry average for the civil industry of 6.9%.

The NRW Graduate Program continued during the year with an intake of Civil and Mining Engineers as well as Human Resource and Marketing graduates – of which, another two successfully completed the Program.

HR SYSTEMS

NRW's electronic Human Resource management system, 'Our People and Logistics' (OPAL) continued to be enhanced and was tested by the rapid mobilisation and people management requirements for the Roy Hill Concrete Package.

OPAL delivered outstanding results in timeliness, accuracy, reporting, auditable record keeping and highlighted NRW's system capabilities to mobilise and manage people requirements for large scale projects.

INDIGENOUS ENGAGEMENT

NRW reached a peak Indigenous employment of 7.6% across the group during the 2015 financial year. Further mentoring support was undertaken at the Roy Hill Project for graduates of NRW's Powerup Program.

NRW conducted a number of joint venture projects with Traditional Landowner groups including:

- Ngarluma & Yindjibarndi Foundation Limited (NYFL)
- Eastern Guruma Pty Ltd
- Jartu JV – Njamal & ICRG
- ICRG Guma

HEALTH SAFETY & ENVIROMENT

OVERVIEW

NRW is committed to achieving the best possible outcomes in relation to occupational health and safety performance across all business operations. NRW's Health, Safety and Environmental (HSE) Management Systems are accredited to AS4801: 2001, the applicable Australian Standard and subject to continuous audit and the company successfully re-certified in March 2015.

Certification was also achieved during the year from the Office of the Federal Safety Commission allowing NRW to tender and undertake construction work that is wholly or partially funded by the Federal Government.

In late 2014, NRW adjusted the "A Safe Day. Every Day" Program to refocus employees' attention on NRW's safety culture. The Program is now well established and achieving good results across the business as it enters a consistent improvement phase. This phase involves reviewing the tools and processes that comprise the Program to identify opportunities for development. These developments are derived from an adjustment of focus as well as from efficiency improvements.

One such area that has been identified is workplace inspections. A full review of the inspection program identified a number of areas with overlapping inspections and duplication of effort. The inspection program has now been rewritten and this resulted in a 25% reduction in inspection activities without a reduction in coverage.

The Lost Time Injury Frequency Rate (LTIFR) remained steady throughout the financial year, increasing slightly from 0.17 at the end of June 2014 to 0.19 at the end of June 2015. Both periods involved one lost time injury. During the same period, the Total Recordable Injury Frequency Rate increased from 2.36 to 3.88. Both of these increases can be attributed to the extensive demobilisation activities and the reduction in hours worked.

ENVIRONMENT & QUALITY

NRW is proud to have successfully completed the largest fauna trapping and translocation program undertaken in Western Australia on the Roy Hill Rail Project. The size of the project refers to both the 330km geographical distance and the cost associated with the conservation of significant species located within the Roy Hill Rail Project's construction footprint. A total of 2000 hectares were identified as potentially significant habitat for the Northern Quoll, Bilby, Mulgara and Pilbara Olive Python. Stringent government environmental conditions required environmental professionals to pin point active burrows or habitat. In areas where these active points could not be avoided, traps were deployed to capture and translocate these animals to suitable habitats. This work was effectively completed with all regulatory conditions fulfilled prior to the commencement of works in the area.

NRW maintained certification to AS/NZS ISO 14001: 2004 Environmental Management Systems and to ISO standard 9001: 2008 and AS/ NZS 4801for its Quality Management System. NRW was re-certified for both in March 2015.

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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 2015.

DIRECTORS

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

Dr Ian Burston

Chairman and Independent Non-Executive Director

Dr Ian Burston was appointed as a Director and Chairman on 27 July 2007.

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. He was a Non-Executive Director of the Esperance Port Authority for ten years, Chairman of the Broome Port Authority and Executive Chairman of Cape Lambert Iron Ore Ltd.

Dr Burston is currently a Non-Executive Director of Mincor Resources NL and Chairman of Kogi Iron (formerly Energio Limited).

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.

He was awarded the Western Australian Citizen of the Year (category of Industry and Commerce) in 1992, the Order of Australia (General Division) in 1993 and an Honorary Doctor of Science (Curtin) in 1995.

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 (Current)
- Chairman and Non-Executive Director, Kogi Iron (formerly Energio 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.

He has over 25 years' experience in business, sales and management in both Australia and the United Kingdom. Mr Pemberton joined NRW in 1997 and initially worked on site before progressing into the sales and hire area. He has held roles as Operations Manager, General Manager and Chief Operating Officer for NRW prior to his current role.

Michael Arnett

Non-Executive Director

Mr Arnett was appointed as a Director on 27 July 2007.

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)
- Non-Executive Director, Nexus Energy Limited (Resigned 2012)

DIRECTORS' REPORT CONTINUED

John Cooper

Non-Executive Director

Mr Cooper was appointed as a Director on 29 March 2011.

Mr Cooper has held a range of very senior executive management and board roles associated with development of major capital works throughout Australia and internationally.

In 21 years with Concrete Constructions, Mr Cooper project managed major construction projects and was in charge of the group's South East Asian and Australian operations. He also headed CMPS&F, a design engineering and project management organisation specialising in oil and gas pipelines and compressor stations, mining and mine design, infrastructure and environmental contracts in Australia and South East Asia.

Mr Cooper held a role with the Sydney Olympic Games Organising Committee, responsible for all contingency planning and technology/Games management.

In August 2006, Mr Cooper was appointed by the South African conglomerate, Murray and Roberts Pty Ltd, as its representative and Deputy Chairman on the Clough Engineering Board, formulating overall strategy for the business and taking on an interim CEO position until a new management team was put in place in the restructured organisation.

In 2007 Mr Cooper was appointed to Murray and Roberts' international board which was responsible for group operations outside of South Africa, including the Middle East, Canada, Australia and the United Kingdom. After retiring from the Murray and Roberts group in 2010 he was subsequently appointed to the advisory council to the Bilfinger Berger Services group to assist in strategy and management development and planning.

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

- Non-Executive Director and Chairman, Southern Cross Electrical (Resigned 7 May 2015)
- Non-Executive Director, Aurizon Holdings (Current)
- Non-Executive Director, Flinders Mines (Resigned 2012)
- Non-Executive Director, Neptune Marine Limited (Resigned 2013)
- Non-Executive Director, UGL Limited (appointed 15 May 2015)

Jeff Dowling

Non-Executive Director

Mr Dowling is a highly experienced corporate leader with 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.

His professional expertise centres around audit, risk and financial acumen derived from acting as lead partner on large public company audits, capital raisings and corporate transactions.

Mr Dowling's career with Ernst & Young culminated in his appointment as Managing Partner of the Ernst & Young Western Region for a period of five years. He also led Ernst & Young's Oceania China Business Group, responsible for building Ernst & Young's Oceania relationships with Chinese Corporations.

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 (ASX: SIR)
- Pura Vida Energy NL (Current)
- Non-Executive Director of Atlas Iron Limited (ASX: AGO)

DIRECTORS' REPORT CONTINUED

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
Ian Burston	12	12
Julian Pemberton	12	12
Michael Arnett	12	12
John Cooper	11	12
Jeff Dowling	12	12

Remuneration and Nomination Committee

The Members of the Nomination & Remuneration Committee are Michael Arnett (Chairman), Ian Burston and John Cooper. During the 2015 financial year one meeting of the Committee was held. Certain responsibilities of the Committee were also considered at Board Meetings as required.

Audit and Risk Committee

The Committee Members are Jeff Dowling (Chairman), Michael Arnett and John Cooper.

During the 2015 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.

DIRECTORS' REPORT CONTINUED

RESULTS FOR THE FULL YEAR AND REVIEW OF OPERATIONS

NRW reported revenues of $775.9 million, lower than last year ($1,134.5 million) reflecting lower client spend in the Mining Services sector and due to projects which completed in the first half of FY14. The result is a net loss in the year of $229.8 million. The loss is driven by an impairment of assets, ($157.3 million) reflecting significant reductions in current asset market values, a write-off of goodwill, and a loss on the Roy Hill Rail project for Samsung C&T, (Samsung). The loss in the year compares to net earnings of $44.2 million last year.

The Roy Hill Rail contract loss recognises that it is unlikely that an outcome can be negotiated which supports a position where the company can at least recover costs incurred on the contract. Consequently the full year accounts assume agreement of a final contract value below costs incurred on the project. The loss is based on the completion costs and an assessment of the likely final contract price, including an agreed reassessment of the value of the actual contract quantities and an assessment of variations based on claims determined in favour of NRW through the Construction Contracts Act 2004 (WA), less allowances for reasonable back charges due under the contract to Samsung. As advised in May 2015, Samsung stopped making progress payments in April 2015 which had a significant impact on the company's liquidity.

It is worth noting that the Roy Hill Rail project was completed within an extremely challenging timeframe and was delivered to the required quality standard. At the same time NRW has continued to work on the Concrete project for the same customer on the same overarching project delivering to date a technically and commercially successful project to time and cost.

The FY15 loss includes a non-cash Impairment of asset carrying values of $157.3 million, and a provision for onerous leases of $3.4 million. The impairment charge includes goodwill write offs in the AES business and reductions to carrying values of plant due to current market rates and expected lower resale prices particularly on high hour, low utilisation and non-core fleet. The impairment charge is higher than reported at the half year recognising further deterioration in equipment values in the second half of the financial year.

Cash holdings at year end were impacted by Samsung's actions to withhold cash on the Roy Hill Rail Contract and as a consequence of paying the majority of the Project costs following Project completion in April. Cash balances reduced from $155.5 million to $34.6 million. Despite this movement NRW has continued to service all debt obligations resulting in debt reducing from $189.5 million to $142.3 million at 30 June 2015.

As a consequence of reduced project opportunities and a highly competitive bid environment the company has taken action to reduce costs to reflect lower activity levels. Headcount numbers have reduced from 3,092 to 846 as at 30 June 15. The movement includes blue collar workforce reductions of 2,022 and staff reductions of 224 people over both projects and business support.

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).

	FY15				FY14			
	Revenue	Earnings pre Impairment	Impairment	Post Impairment Earnings	Revenue	Earnings pre Impairment	Impairment	Post Impairment Earnings
	$M	$M	$M	$M	$M	$M	$M	$M
NRW Civil and Mining	694.1	(126.5)	(126.6)	(253.1)	1,029.2	72.9	-	72.9
Action Drill & Blast	85.9	2.1	(1.1)	1.0	110.0	7.0	-	7.0
AES Equipment Solutions	15.3	(2.0)	(21.3)	(23.3)	28.0	(0.8)	(4.8)	(5.6)
Inter business sales	(19.4)	-	-	-	(32.7)	-	-	-
Corporate costs	-	4.8	(8.3)	(3.5)	-	(8.9)	-	(8.9)
Total Statutory Revenue / EBIT	775.9	(121.60)	(157.3)	(278.9)	1,134.5	70.2	(4.8)	65.4
Finance costs				(11.5)				(14.3)
Taxation benefit / (expense)				60.5				(7.0)
Net after tax (loss) / earnings				(229.8)				44.1

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 schedule of plant and equipment. Civil construction projects 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 330km of rail formation for the Roy Hill Project, continuation of work on the Roy Hill Concrete Project and further development work for Rio Tinto on the Nammuldi Iron Ore site. The business also secured the Ravensthorpe Heavy haulage Route Project for Main Roads. The Mining business continued to support Middlemount Coal, provide a range of mining services to the North Star magnetite project and completed the box cut development work for the Nova nickel project for Sirius Resources. NRW's Middlemount project is a long term contract to supply and maintain dry hire equipment. It was very pleasing to announce earlier this year an extension of that contract to 2020. The importance of this extension is the improved certainty provided to service current asset financing. Around $79.7 million of the company's debt relates to equipment deployed on this project. The new contract extension valued at $330 million provides the basis to fully fund current principle, interest and refinancing costs on that debt.

Sales of $694.1 million were down on last year mostly due to contracts which completed in the first half of FY14. The business sustained a loss in the year of $253.1 million due to the loss recognised on the Roy Hill Rail Contract and impairment of assets ($126.6 million) as noted above.

Action Drill & Blast

Action Drill & Blast (ADB) provides contract drill and blast services to mining (including iron ore, gold and coal) and civil projects throughout Australia. Activity levels across the sector were lower in FY15 resulting in part from some clients putting their sites into care and maintenance regimes. Revenues were lower at $85.9 million compared to $110.0 million. Earnings of $1.0 million were down on the previous year ($7.0 million) as a consequence of lower Revenues and lower equipment utilisation.

The business secured a contract extension of the Greenbushes project for three years, rebid and retained a two year extension for Fortescue's Cloudbreak mine site, and new work in the year including providing services at Fortescue's Solomon project; Thiess at three coal projects; NRW at Nova Nickel and for Gold Fields at St Ives.

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 $15.3 million compared to $28.0 million in the prior comparative period reflecting a marked downturn in market activity particularly for service vehicles and water trucks. The activity reduction in this part of the business accounted in full for the pre impairment loss in the year of $2.0 million which compared to a loss of $0.8 million in FY14. A number of cost reduction measures and productivity improvements were implemented in the year to mitigate the lower activity levels. The segment result includes an impairment expense of $21.3 million and provision for onerous lease of $0.8 million reflecting the downturn in the market in the last quarter of calendar year 14 and the resulting impact on expected levels of revenue in future years.

BALANCE SHEET, OPERATING CASH FLOW AND CAPITAL EXPENDITURE

Net assets reduced to $128.4 million in the year due to the reported loss. Net debt increased to $107.6 million (FY14 $34.0 million). Capital expenditure mostly related to major component replacement.

The company has worked closely with its banking group throughout the year recognising that the Roy Hill Rail contract would impact in particular liquidity. Despite the cash delays referred to earlier the company met all debt repayment obligations in the year. The close working relationship resulted in agreement of revised covenants which NRW was in full compliance with at 30 June 2015. However the agreement was not concluded until after the balance sheet date consequently all debt has been classified in the balance sheet as current. NRW expects to remain in compliance with the revised covenants throughout FY16.

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 decreased in the year to 846 (June 2015) reflecting NRW's strategy to right size the business to align with work in hand.

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.

DIRECTORS' REPORT CONTINUED

Safety is paramount across all NRW Projects and NRW's Lost Time Injury Frequency Rate (LTIFR) remained steady throughout FY15 increasing marginally from 0.17 (30 June 2014) to 0.19.

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 7 in the corporate governance statement.

OUTLOOK

NRW remains committed to working closely with its clients, with a focus on lowering operating costs and delivering improved productivity. However, whilst this low commodity price environment persists, spending on expansions and new projects in the resources sector is likely to remain subdued.

Despite these headwinds and the competitive landscape, recent wins such as the two-year Nammuldi Mining contract and the three-year extension to the Middlemount contract to 2020 have provided reason for optimism as we enter the 2016 financial year.

As at August 2015, NRW's forward order book totals $663 million, of which $250 million is secured revenue for delivery during FY16. Encouragingly tender activity is high with the pipeline currently assessed at $2.5 billion.

NRW is also pleased to have been selected as the only West Australian-based contractor in consortia with global infrastructure provider Salini Impregilo as one of three shortlisted tenderers for the Forrestfield Airport Link project Project. This government-backed Infrastructure Project, together with a number of WA road programs,s expected to commence during the 2016 calendar year, should provide some balance to the downturn in the resources sector.

Over the past 12 months, the business has taken further actions to reduce its cost base to match expected revenue. Headcount numbers have been reduced by 2,246. The management team has been restructured to remove layers in the organization, which are no longer appropriate given the lower activity levels. As the cost base is reset, we have achieved overhead reductions in excess of 35% whilst ensuring we still retain the necessary resources to address major opportunities as they arise.

DIVIDEND

The directors have determined that no dividend will be paid out of retained profits at 30 June 2015 (2014 – 5.0 cents fully franked).

SIGNIFICANT EVENTS AFTER PERIOD END

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.

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)
Julian Pemberton	3,014,404
Ian Burston	329,492
John Cooper	55,000
Michael Arnett	344,474
Jeff Dowling	90,000

Transactions between entities within the group and Director-related entities are set out in Note 36 to the financial statements.

OPTIONS OVER UNISSUED SHARES 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 831,005 Performance Rights outstanding by the company. During the year no Performance Rights were issued to Key Management Personnel (KMP) under the terms of the company's Long-Term Incentive (LTI) Plan as approved by shareholders on 23 November 2011 (2014: 32,919 Performance Rights outstanding).

DIRECTORS' REPORT CONTINUED

Performance Rights have no exercise price on vesting and upon exercise result in the issuance of ordinary shares. No performance rights holder has any right under the terms of the performance rights to participate in any other share issue of the company.

Details of Performance Rights granted to executives as part of their remuneration are set out in the Remuneration Report on pages 11 to 22.

AUDITOR

The company's auditor is Deloitte Touche Tohmatsu who was appointed at the AGM held on November 28, 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 29 of this report.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 38 (page 83) 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 38 (page 83) 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 $280,104 (2014: $269,525).

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 2015 for the following individuals, who are the Key Management Personal (KMP) of the company:

Name	Position Held	Appointed/Resigned
NON-EXECUTIVE DIRECTORS		
Dr I Burston	Chairman and Non-Executive Director	Appointed as Non-Executive Director, 27 July 2007
Mr J Cooper	Non-Executive Director	Appointed as Non-Executive Director, 29 March 2011
Mr M Arnett	Non-Executive Director	Appointed as Non-Executive Director, 27 July 2007
Mr J Dowling	Non- Executive Director	Appointed as Non-Executive Director, 21 August 2013
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 W Rooney	Managing Director – NRW Civil and Mining	Appointed 1 October 2008 Resigned 19 June 2015
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 D James	General Manager – Performance (group) and Executive Director of AES Equipment Solutions	Appointed 4 March 2014 Resigned 16 March 2015
Mr K Hyman	Company Secretary, Risk Management & Legal	Appointed 10 July 2007

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	12
Five Year Snapshot	13
Executive KMP Remuneration Arrangements	14
Executive KMP Remuneration Outcomes	16
Executive Director and Executive KMP Remuneration	18
Additional Statutory Disclosures	21

Glossary

The following terms used throughout our Remuneration Report are defined here:

EPS	Earnings Per Share
Executives	Executive full time employees of NRW that are Key Management Personnel, i.e. KMP excluding Non-Executive Directors
KMP	Key Management Personnel according to the definition of that term in the Corporations Act 2001 (Cth).
LTI	Long Term Incentive
N&RC	Nomination and Remuneration Committee
NRW Performance Rights Plan	The Performance Rights plan of NRW approved by shareholders in general meeting on 23 November 2011
Performance Right	A right that converts into one ordinary share in NRW on the meeting of the specified vesting conditions on the specified vesting dates
RTSR	Relative Total Shareholder Return
ROCE	Return on Capital Employed
STI	Short Term Incentive
Vesting Conditions	The vesting conditions that apply to the vesting of Performance Rights granted by NRW to its Executive KMP under the NRW Performance Rights Plan
VWAP	Volume Weighted Average Price

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.

DIRECTORS' REPORT CONTINUED

2. FIVE YEAR SNAPSHOT

Measure	2015	2014	2013	2012	2011
Market Capitalisation (30 June)	$ 50.2 million	$ 256.6 million	$ 253.8 million	$842.2 million	$778.1 million
Share Price at end of year	$0.18	$0.92	$0.91	$3.02	$2.79
Share Price at beginning of year	$0.92	$0.91	$3.02	$2.79	$0.98
Total Revenue	$775.9 million	$1,134.5 million	$1,374.4 million	$1,360.8 million	$751.2 million
EBITDA	$(77.2) million*	$123.0 million*	$168.3 million	$195.5 million	$95.5 millionz
EPS	(82.4) cents	15.9 cents	26.6 cents	34.8 cents	16.1 cents
EPS Growth	(618.24%)	(40.40%)	(23.3%)	116%	15%
Net (Loss) / Profit After Tax	$(229.8) million	$44.2 million	$ 74.1 million	$97.1 million	$41.2 million
Return on Capital Employed	(96.78%)	16.7%	30.9%	44.6%	29.6%
Interim Dividend paid	$0.00	$0.04	$0.08	$0.08	$0.04
Final Dividend declared in respect of the year	$0.00	$0.05	$0.05	$0.10	$0.05
Annual Total Shareholder Return (%)	(80%)	11%	(67%)	15%	194%

**Impairment charge also added back/excluded from EBITDA.*

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.

Short term incentive (STI): determination of an STI award is made against annual performance criteria established at the beginning of each financial year. The N&RC establishes appropriate performance criteria which can include earnings, securing new work and management of liquidity but may include other objectives determined by the N&RC to be critical issues facing the business. STI awards are based on a percentage of the KMP's fixed remuneration as disclosed below. Given the potentially commercially sensitive nature of performance criteria objectives will only be disclosed in the remuneration report post the performance period.

The STI scheme has three levels of recognised performance; Threshold, Plan and Stretch. No payment is made for performance below Threshold. Performance between Threshold and Plan attracts a lower amount of STI. The maximum amount of STI is payable only if Stretch targets are achieved or exceeded. Pro Rata payments are made for performance between Threshold and Plan or Plan and Stretch.

STI awards are payable in a combination of cash and Performance Rights. STI awards up to Plan performance are normally paid in cash although the N&RC has the option to remunerate in Performance Rights. Awards above Plan are paid in equal amounts of cash and Performance Rights. 50% of all above budget awards (usually the Performance Right component) are held for a period of 12 months before vesting to the KMP. This structure provides a "Hindsight" review period of performance providing the ability of the N&RC to apply a clawback of previously awarded STI and a retention component should there be any material change which would have affected the performance period.

Executives are also assessed on the delivery of a number of agreed personal objectives through the year. Non-financial objectives, set appropriate to the individual KMP's role within the organisation, may include for example safety, staff development and client relationships. STI awards can be moderated downwards if achievement of these non-financial objectives is not delivered to expectations.

STI payments can be made at the discretion of the N&RC but only in exceptional circumstances which require full disclosure in the annual remuneration report.

Long term incentive (LTI): The objective of the Long term incentive scheme (LTI) is to focus performance on the creation of long term shareholder value. In addition the term of the scheme provides a retention structure. LTI is paid in Performance Rights which usually vest after a three year performance period but in some cases may vest within a two year period.

The N&RC establishes appropriate performance criteria against which Performance Rights vest which may include Earnings Per Share growth, relative TSR or absolute growth in TSR. In addition and only in special circumstances the N&RC can include a Tenure obligation as a vesting criteria to support specific retention objectives.

LTI awards are based on a percentage of the KMP's fixed remuneration as disclosed below, converted into Performance Rights based the market price at a date or over a period determined by the N&RC. In some circumstances the N&RC can apply a premium to that share price as the basis for determining the number of Rights to be awarded. This has the effect of reducing the number of Rights to be awarded and providing an in scheme incentive to deliver the premium.

The LTI scheme has two levels of recognised performance; Plan and Stretch. No payment is made for performance below Plan. The maximum amount of LTI is payable only if Stretch targets are achieved or exceeded. Pro Rata payments are made for performance between Plan and Stretch.

Any Performance Rights that are eligible to vest on a vesting date that do not meet the Vesting Conditions, lapse on that date and thereby are not eligible to vest at any subsequent date.

The LTI scheme is governed by the "NRW Holdings Limited Performance Rights Plan" approved by shareholders in 2011.

3.3 Award Levels Relative to Fixed Remuneration

The following table sets out the range of awards for Executive KMP for FY15 under the STI and LTI components of NRW's remuneration structure:

	STI Award as % Fixed Remuneration			LTI Award as % Fixed Remuneration	
	Award at Threshold level of Performance	Maximum Award at Target level of Performance	Maximum Award at Demanding level of Performance	Maximum Award at Target level of Performance	Maximum Award at Demanding level of Performance
Chief Executive Officer	20%	40%	80%	50%	150%
Chief Financial Officer	15%	30%	80%	40%	100%
Managing Director C&M	15%	30%	80%	40%	100%
Divisional General Managers	10%	20%	40%	20%	40%

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.

3.5 Executive Service Agreements

The Executive Service Agreements in place in respect of NRW's KMP can be summarised as follows:

- 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 12 months after termination;
- All Executive KMP as listed in the remuneration table, are employed on standard letters of appointment that provide for annual reviews of base salary and up to six months' notice of termination by either party. The appointments are not for any fixed term and carry no termination payments other than statutory entitlements; and
- 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

The following tables provide information on the remuneration of the Executive KMP for the year ending 30 June 2015 and comparable information for the previous year. Information is provided detailing:

- Fixed Remuneration;
- Short term incentive (STI) awards and the extent of STI forfeited in the year;
- The weighting of measures within the STI and LTI scheme which were used in determining the extent of any award;
- The number of Performance Rights granted in the year and the number of Performance Rights forfeited;
- The number of Performance Rights which vested in the year and the number of Performance Rights previously granted but which were forfeited in the year; and
- The levels of Fixed remuneration to KMP was unchanged in the year. Minor changes in the remuneration table mostly reflect timing of payroll accruals and provision movements for the leave provisions.

4.2 Commentary on Performance and metrics

STI: The N&RC established Net Earnings as the critical performance objective for FY15. Performance at plan level was based on the board approved business plan. The threshold level was set at 90% of Plan and the Stretch objective was set at 115% of Plan.

The minimum (Threshold) target was not achieved consequently no STI awards were made in the period.

LTI: No LTI awards were made in FY15. The Board sought shareholder approval for an award of 1,961,449 Performance Rights for the CEO however given the change in business operating conditions it was decided not to make the award.

The proportion of STI and LTI awards forfeited in the year was 100%.

4.3 Performance Criteria for FY12, FY13 and FY14 LTI Awards

The following table sets out the performance criteria and scaling of each of the vesting hurdles for the FY12, FY13 and FY14 awards, (Note, No LTI awards were made in FY15):

	FY12 LTI Award		FY13 and FY14 LTI Award	
LTI Vesting Condition, Weighting	**Cut-in level**	**Maximum vesting achieved at**	**Cut-in level**	**Maximum vesting achieved at**
EPS Growth, Weighting 40%	0% vesting at 4% EPS growth between last vesting date and current vesting date and current vesting date	100% of the EPS Growth limb vesting at 10% EPS growth between last vesting date and current vesting date	0% vesting at 4% EPS growth between last vesting date and current vesting date	100% of the EPS Growth limb vesting at 12% EPS growth
ROCE, Weighting 30%	0% vesting at 17% ROCE for most recently completed financial year	100% of the ROCE limb vesting at 25% ROCE for most recently completed financial year	0% vesting at less than 19.99% ROCE for most recently completed financial year	100% of the ROCE limb vesting at 30% ROCE
Relative TSR, Weighting 30%	A TSR ranking 6th position or worse will result in 0% vesting	A TSR ranking 3rd position or better = 100% of the Relative TSR limb vesting	A TSR ranking 6th position or worse will result in 0% vesting	A TSR ranking 3rd position or better = 100% of the Relative TSR limb vesting

The following tables set out the numbers of Performance Rights which were granted and which subsequently vested and are likely to vest or be forfeited in relation to the FY12, FY13 and FY14 schemes.

No further Performance Rights are expected to vest in September 2015 and 2016. Consequently a further 53,176 Performance Rights were forfeited.

FY12 LTI Awards vesting table

	Total Number of Performance Rights Granted under the FY12 Award	Tranche 1 Performance Rights that vested on 15 September 2012	Tranche 2 Performance Rights that vested on 15 September 2013	Tranche 3 Performance Rights eligible to vest on 15 September 2014	Total Performance Rights Forfeited
Mr J Pemberton	841,377	286,069	83,296	-	472,013
Mr W Rooney	348,448	118,472	34,496	-	195,480
Mr W Fair	73,479	24,983	7,274	-	41,222
Total	**1,263,304**	**429,523**	**125,066**	**-**	**708,715**

FY13 & 14 LTI Awards and expected vesting

FY13 AWARDS	Maximum potential number of Performance Rights	No. Rights Forfeited	Total number of Performance Rights granted under the Award	No. Rights expected to vest on: 15-Sep-15
Mr J Pemberton	684,006	649,806	34,200	-
Mr W Rooney	255,362	248,017	7,345	-
Mr W Fair	88,317	76,686	11,631	-
Total	**1,027,685**	**974,509**	**53,176**	**-**

FY14 AWARDS	Maximum potential number of Performance Rights	No. Rights Forfeited	Total number of Performance Rights granted under the Award	No. Rights expected to vest on: 15-Sep-16
Mr J Pemberton	1,961,449	1,498,910	462,539	-
Mr W Rooney	732,274	566,567	165,707	-
Mr W Fair	253,256	225,744	27,512	-
Total	**2,946,980**	**2,291,222**	**655,758**	**-**

DIRECTORS' REPORT CONTINUED

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 2015 and 30 June 2014:

IN AUD $		Short Term Benefits					Post Employment Benefits	Other Long Term Benefits	Share Based Payments	Total
Key Mangagement Personnel	Year	Salary & fees	Termination Payment	STI bonus FY15	Non cash benefit [1]	Annual Leave [2]	Superannuation	Other [3]	Equity	
EXECUTIVE DIRECTORS										
Mr J Pemberton	2015	1,310,776	-	-	-	102,499	18,783	21,295	36,678	1,490,031
	2014	1,332,927	-	178,947	-	102,694	17,765	21,389	39,118	1,692,840
EXECUTIVES										
Mr W Rooney [8]	2015	742,720	-	-	-	34,929	18,783	-	12,016	808,448
	2014	881,234	-	139,576	3,273	70,586	19,328	-	30,304	1,144,301
Mr A Walsh [5]	2015	600,729	-	-	-	50,403	18,783	-	-	669,915
	2014	295,751	-	75,000	-	23,326	6,549	-	-	400,626
Mr D James [6]	2015	296,916	-	-	-	24,304	14,448	-	-	335,668
	2014	129,667	-	-	-	10,168	7,519	-	-	147,354
Mr W Fair	2015	391,325	-	-	-	32,004	18,783	-	2,159	444,271
	2014	389,418	-	39,298	-	30,622	23,287	-	6,481	489,106
Mr K Hyman	2015	322,865	-	-	-	26,339	18,783	5,439	-	373,426
	2014	335,866	-	-	-	25,895	17,920	5,033	-	384,714
Mr T Raschella [4]	2015	-	-	-	-	-	-	-	-	-
	2014	173,216	-	-	646	8,770	6,978	1,828	-	191,438
Mr M Wallace [7]	2015	-	-	-	-	-	-	-	-	-
	2014	61,212	55,562	-	-	-	4,444	-	-	121,218
Total Compensated (Consolidated) - 2015	2015	3,665,331	-	-	-	270,478	108,363	26,734	50,853	**4,121,759**
Total Compensated (Consolidated) - 2014	2014	3,599,291	55,562	432,821	3,919	272,061	103,790	28,250	75,903	**4,571,597**

(1) The non-cash benefits comprised mostly motor vehicle benefits offered to the key management personnel, including the applicable grossed up fringe benefits tax.
(2) Represents the movement in accrued annual leave.
(3) Represents the movement in accrued long service leave.
(4) Mr T Raschella temporary appointment as Acting Chief Financial Officer for the period 7 August 2013 to 05 January 2014.
(5) Mr A Walsh appointed as Chief Financial Officer 6 January 2014.
(6) Mr D James appointed as General Manager – Performance (group) and Executive Director of AES Equipment Solutions 4 March 2014. Mr D James resigned from the company 16 March 2015.
(7) Mr M Wallace left the company on 7 August 2013.
(8) Mr W Rooney resigned his employment as Managing Director NRW Civil & Mining effective 19th June 2015.

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2015
For Ordinary Shares

Key Person	Held at 1 July 2014	Purchases[1]	Received as compensation	Received on options /rights exercised	Sales / transfers / net other change	Held at 30 June 2015
Dr I F Burston	329,492	-	-	-	-	329,492
Mr J Cooper	55,000	-	-	-	-	55,000
Mr M Arnett	344,474	-	-	-	-	344,474
Mr J Dowling	90,000	-	-	-	-	90,000
Mr J Pemberton	3,014,404	-	-	-	-	3,014,404
Mr W Rooney	157,473	-	-	-	-	157,473
Mr W Fair	35,775	-	-	-	-	35,775
TOTAL	**4,026,618**	**-**	**-**	**-**	**-**	**4,026,618**

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

For the year ended 30 June 2014
For Ordinary Shares

Key Person	Held at 1 July 2013	Purchases[1]	Received as compensation	Received on options /rights exercised	Sales / transfers / net other change	Held at 30 June 2014
Dr I F Burston	329,492	-	-	-	-	329,492
Mr J Cooper	55,000	-	-	-	-	55,000
Mr M Arnett	344,474	-	-	-	-	344,474
Mr J Dowling	-	90,000	-	-	-	90,000
Mr J Pemberton	2,931,108	-	-	83,296	-	3,014,404
Mr W Rooney	118,472	-	-	39,001	-	157,473
Mr W Fair	24,983	-	-	10,792	-	35,775
Mr M Wallace	25,381	-	-	-	25,381	-
TOTAL	**3,828,910**	**90,000**	**-**	**133,089**	**25,381**	**4,026,618**

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

The key management personnel compensation included in 'Employee benefits expense' (see Note 8 a.) is as follows:

	Consolidated	
	2015 ($)	2014 ($)
Short term employee benefits	3,935,809	4,363,654
Other long term benefits	26,734	28,250
Post employment benefits	108,363	103,790
Share based payments	50,853	75,903
Total	**4,121,759**	**4,571,597**

5. 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 are as follows:

Director	Fee per annum AUD
Dr I Burston	125,000
Mr J Cooper	100,000
Mr M Arnett	100,000
Mr J Dowling	100,000

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 for the financial year ended 30 June 2015

IN AUD $	Short Term Benefits		Post Employment Benefits	Total
NON-EXECUTIVE DIRECTORS	Salary & fees	Non cash benefit	Superannuation	
Mr I Burston	122,116	5,495	11,601	139,212
Mr J Cooper	100,001	4,454	9,500	113,955
Mr M Arnett	100,000	-	9,500	109,500
Mr J Dowling	100,001	5,192	9,500	114,693
FY15 NON-EXECUTIVE DIRECTORS TOTAL	**422,118**	**15,141**	**40,101**	**477,360**

For the financial year ended 30 June 2014

IN AUD $	Short Term Benefits		Post Employment Benefits	Total
NON-EXECUTIVE DIRECTORS	Salary & fees	Non cash benefit	Superannuation	
Mr I Burston	125,000	4,811	11,563	141,375
Mr J Cooper	100,001	3,304	9,250	112,557
Mr M Arnett	100,000	2,101	9,250	111,352
Mr J Dowling	83,847	3,892	7,756	95,495
FY14 NON-EXECUTIVE DIRECTORS TOTAL	**408,848**	**14,108**	**37,819**	**460,779**

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.

Key assumptions for the awards granted on:	23rd November 2011 & 12th March 2012			28-Nov-12	18-Jun-13	1-Jul-13	11-Nov-13
Award type	Performance Rights Relative TSR, ROCE and EPS						
Vesting Conditions							
Share price at the grant date		$2.78		$1.48	$0.93	$0.88	$1.24
Tranche	1	2	3				
Vesting date	15-Sep-12	15-Sep-13	15-Sep-14	15-Sep-15	15-Sep-15	25-Nov-16	25-Nov-16
Expected life	0.8 years	1.8 years	2.8 years	3 years	2.2 years	3.4 years	3 years
Risk free interest rate	3.40%	3.09%	3.07%	2.66%	2.49%	2.88%	3.07%
Volatility	50%	50%	50%	50%	55%	60%	60%
Dividend yield	6.0%	6.0%	6.0%	9.0%	8.5%	8.50%	7.80%

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 table below shows the valuation methodology used for each award.

The Vesting conditions for all awards detailed above were Relative TSR, EPS growth and Return on Capital Employed. The valuation methodology for Relative TSR was Monte-Carlo simulation. EPS growth and Return on Capital employed were valued using binomial options pricing model. Each valuation methodology used has been chosen from those available to incorporate an appropriate amount of flexibility with respect to the particular performance and vesting conditions of the award.

Valuation assumptions

The following tables summarise the key assumptions adopted for valuation of the awards.

The following table sets out the basis of the independently assessed fair value of the Performance Rights granted to each Executive KMP member as at the date on which the grant of Performance Rights was made to the individual concerned (Grant Date) for the FY13 and FY14 LTI awards. Within each tranche the Performance Rights are ascribed a fair value according to the Vesting Condition limb against which they are tested, namely EPS Growth (40% weighting), ROCE (30% weighting) and Relative TSR (30% weighting).

	FY12 AWARDS							FY13 AWARDS			FY14 AWARDS		
	Tranche 1		Tranche 2			Tranche 3							
	Performance Rights that vested on 15 September 2012		Performance Rights that are eligible to vest on 15 September 2013			Performance Rights that are eligible to vest on 15 September 2014		Performance Rights that are eligible to vest on 15 September 2015			Performance Rights that are eligible to vest on 25 November 2016		
	Grant Date	EPS Growth & ROCE	RTSR	EPS Growth	ROCE	RTSR	EPS Growth & ROCE	RTSR	Grant Date	EPS Growth & ROCE	RTSR	Grant Date	EPS Growth & ROCE	RTSR
		($)	($)	($)	($)	($)	($)	($)		($)	($)		($)	($)
Mr J Pemberton	23/11/2011	2.65	1.70	2.49	2.65	1.70	2.35	1.61	28/11/2012	1.13	0.36	11/11/2013	0.66	0.44
Mr W Rooney	12/03/2012	3.73	2.93	3.52	3.52	2.64	3.31	2.50	18/06/2013	0.76	0.11	1/07/2013	0.98	0.68
Mr W Fair	12/03/2012	3.73	2.93	3.52	3.52	2.64	3.31	2.50	18/06/2013	0.76	0.11	1/07/2013	0.98	0.68

Relative TSR

NRW benchmarks its Total Shareholder Return (TSR) to ten direct competitors. Where insufficient competitors are listed on the ASX, NRW will assess companies that have similar degrees of complexity, personnel management, risk, revenue and turnover to NRW. The comparator group used to determine relative TSR performance for LTI awards made in FY13 and FY14 are; Ausenco Limited, Macmahon Holdings Limited, Ausdrill Limited, Downer EDI Limited, Bradken Limited, Transpacific Holdings Limited, Sedgman Limited, Decmil Group Limited, Maca Limited, and Seymour White Limited.

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

Dr Ian Burston
Chairman and Non-Executive Director

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 2015.

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 2015, 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 five Directors, four of whom are Non-Executive. The four 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

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):

- Dr Ian Burston (Chairman)
- Mr Michael Arnett
- Mr John Cooper
- Mr Jeff Dowling

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

Director	Date Appointed	Period in office	Due for Re-election
Dr Ian Burston	27 July 2007	8 years	2015 AGM
Mr Michael Arnett	27 July 2007	8 years	2016 AGM
Mr Julian Pemberton	1 July 2006	9 years	Not Applicable
Mr John Cooper	29 March 2011	4 year	2016 AGM
Mr Jeff Dowling	21 August 2013	1 year	2015 AGM

CONFLICTS OF INTEREST

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

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

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

CORPORATE GOVERNANCE
STATEMENTS CONTINUED

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 2015 financial year one meeting of the Nomination & Remuneration Committee were held. Certain responsibilities of the Nomination and Remuneration Committee were also considered at Board meetings by the full Board as required.

SELECTION, APPOINTMENT, INDUCTION AND CONTINUING DEVELOPMENT PROCESSES

Directors must retire at the third AGM following their election or most recent re-election. At least one third of Directors must stand for election at each AGM. Any Director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Re-appointment of Directors by rotation is not automatic (the above retirement and re-election provisions do not apply to the Managing Director).

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

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

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

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

The Board will undertake an annual performance evaluation that reviews:

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

COMPANY SECRETARY

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

All Directors have access to the Company Secretary.

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

Principle 3: Promote Ethical and Responsible Decision Making

CODE OF BUSINESS ETHICS AND CONDUCT

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

CORPORATE GOVERNANCE
STATEMENTS CONTINUED

DIVERSITY POLICY

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

The Board had set an objective of women employed by the NRW Holdings group of 14.0%. For the year ended 30 June 2015, the actual percentage of women employed was 14.26%. It should be noted that within the NRW Civil and Mining business (the largest segment employer) the actual number was 16.35%.

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 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.

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.

CORPORATE GOVERNANCE
STATEMENTS CONTINUED

Principle 6: Respect the Rights of Shareholders

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

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

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

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

ELECTRONIC COMMUNICATIONS

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

EXTERNAL AUDITOR'S AGM ATTENDANCE

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

Principle 7: Recognise and Manage Risk

RISK MANAGEMENT POLICY

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

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

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

This Committee assists the Board in its oversight role by:

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

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.

CORPORATE GOVERNANCE
STATEMENTS CONTINUED

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.

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.

Deloitte Touche Tohmatsu
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31 August 2015

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 2015, 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

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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 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 17 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

Dr Ian Burston
Chairman and Non-Executive Director

Perth, 31st August 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	Consolidated 2015 $'000	Consolidated 2014 $'000
REVENUE	6	**775,934**	**1,134,492**
Finance income		1,439	1,990
Finance costs		(12,951)	(16,258)
Share of loss from associates	19	(500)	-
Materials and consumables used		(132,386)	(209,495)
Employee benefits expense	8(a)	(320,142)	(386,159)
Subcontractor costs		(242,170)	(210,303)
Depreciation and amortisation expenses	8(a)	(44,345)	(52,753)
Impairment expense	21	(157,271)	(4,800)
Plant and equipment costs	8(a)	(151,984)	(195,128)
Other expenses		(5,948)	(10,398)
(Loss) / profit before income tax		**(290,324)**	**51,188**
Income tax benefit / (expense)	9(a)	60,502	(6,952)
(Loss) / profit for the year		**(229,822)**	**44,236**
OTHER COMPREHENSIVE INCOME (EXPENSE)			
Exchange differences arising on translation of foreign operations		31	(1)
Other comprehensive income (expense) for the year, net of tax		**31**	**(1)**
TOTAL COMPREHENSIVE INCOME		**(229,791)**	**44,235**
(Loss) / Profit Attributable to:			
Equity holders of the company		**(229,791)**	**44,236**
Total Comprehensive Income Attributable to:			
Equity holders of the company		(229,791)	44,235
		Cents	**Cents**
EARNINGS / (LOSS) PER SHARE	10		
Basic (loss)/earnings per share		(82.4)	15.9
Diluted earnings per share		N/A	15.8

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 2015

	Notes	Consolidated 2015 $'000	Consolidated 2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	34,631	155,474
Receivables	12	73,812	200,541
Inventories	13	28,417	36,690
Current tax assets	9(c)	6,125	-
Other current assets	14	3,720	6,406
Total current assets		**146,705**	**399,111**
Non-current assets			
Investments in associates	19	4,812	-
Intangibles	16	4,581	12,763
Property, plant and equipment	15	190,266	354,759
Goodwill	20	-	19,617
Deferred tax assets	9(d)	22,825	-
Total non-current assets		**222,484**	**387,139**
Total assets		**369,189**	**786,250**
LIABILITIES			
Current liabilities			
Payables	23	86,083	170,887
Borrowings	24	142,255	49,613
Current tax liabilities	9(c)	-	6,992
Provisions	25	9,134	17,178
Total current liabilities		**237,472**	**244,670**
Non-current liabilities			
Borrowings	24	-	139,867
Provisions	25	3,353	1,541
Deferred tax liabilities	9(d)	-	28,170
Total non-current liabilities		**3,353**	**169,578**
Total liabilities		**240,825**	**414,248**
Net assets		**128,364**	**372,002**
EQUITY			
Contributed equity	26	156,432	156,432
Reserves	27	2,901	2,772
Retained earnings	28	(30,969)	212,798
Total equity		**128,364**	**372,002**

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 2015

	Notes	Contributed equity	Foreign currency translation reserve	Share based payment reserve	Total Reserves	Retained earnings	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000
BALANCE AT 1 JULY 2013		**156,432**	**(214)**	**2,991**	**2,777**	**193,661**	**352,871**
Profit for the year	28	-	-	-	-	44,236	44,236
Exchange differences arising on translation of foreign operations	27	-	(1)	-	(1)	-	(1)
Total comprehensive income for the year		**-**	(1)	-	(1)	**44,236**	**44,235**
Payment of dividends	29	-	-	-	-	(25,099)	(25,099)
Share based payments	27	-	-	226	226	-	226
Transfer to issued capital	27	231	-	(231)	(231)	-	-
Acquisition of treasury shares	27	(231)	-	-	-	-	(231)
BALANCE AT 30 JUNE 2014		**156,432**	**(215)**	**2,987**	**2,772**	**212,798**	**372,002**
BALANCE AT 1 JULY 2014		**156,432**	**(215)**	**2,987**	**2,772**	**212,798**	**372,002**
Loss for the year	28	-	-	-	-	(229,823)	(229,823)
Exchange differences arising on translation of foreign operations	27	-	31	-	31	-	31
Total comprehensive income for the year		**-**	**31**	**-**	**31**	**(229,823)**	**(229,792)**
Payment of dividends	29	-	-	-	-	(13,944)	(13,944)
Share based payments	27	-	-	98	98	-	98
Transfer to issued capital	27	-	-	-	-	-	-
Acquisition of treasury shares	27	-	-	-	-	-	-
BALANCE AT 30 JUNE 2015		**156,432**	**(184)**	**3,085**	**2,901**	**(30,969)**	**128,364**

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 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		965,806	1,270,403
Payments to suppliers and employees		(997,912)	(1,156,701)
Interest paid		(12,951)	(16,258)
Interest received		1,439	1,990
Income tax paid		(3,610)	4,696
Net cash flow (used) / from operating activities	30	**(47,228)**	**104,129**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant and equipment		2,495	5,324
Payment for investment in associate	19	(6,424)	-
Acquisition of property, plant and equipment		(8,517)	(29,555)
Net cash used in investing activities		**(12,446)**	**(24,231)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		9,355	38,799
Repayment of borrowings and finance/hire purchase liabilities		(56,580)	(68,888)
Payment of dividends to shareholders		(13,944)	(25,099)
Acquisition of treasury shares		-	(231)
Net cash used in financing activities		**(61,169)**	**(55,419)**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(120,843)**	**24,480**
Cash and cash equivalents at beginning of the year		155,474	130,994
Cash and cash equivalents at the end of the year	11	**34,631**	**155,474**

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

NOTES TO THE FINANCIAL STATEMENTS

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 2015 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and Interpretations.

The financial statements comprise the consolidated financial statements of the group. For the purposes of preparing the consolidated financial statements, the company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the group comply with International Financial Reporting Standards ('IFRS').

These financial statements were authorised for issue by the Directors on 31st August 2015.

2.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, as explained in the accounting policies below where applicable. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

During the year ended 30 June 2015 the Consolidated Entity incurred a loss after tax of $229.8 million and as at the balance sheet date had a net current asset deficiency of $90.8 million which resulted from the reclassification of borrowings ($142.3 million) from non-current to current.

A total of $79.7 million of borrowings classified as current are due for repayment beyond 31 August 2016 ($80.3 million beyond 30 June 2016). The repayments that fall due in the period up to and including 31 August 2016 are $76.1 million which is scheduled as follows; to 31 September 2015 $14.4 million, a further $14.3 million to 31 December 2015, a further $16.7 million to 31 March 2016, a further $30.7 million to 30 June 2016 and a further $0.6 million to 31 August 2016 .

As disclosed in note 32, the Consolidated Entity's borrowings are provided by ANZ Leasing (Vic) Pty Ltd ("ANZ Leasing") through an asset financing facility which provides security to ANZ Leasing by a first ranking specific security over the goods purchased using the proceeds of that facility being the majority of plant and equipment held by the Consolidated Entity as at 30 June 2015.

The Consolidated Entity has worked extensively with its banking group and has agreed revised covenants which align to the agreed business plan for the financial year ending 30 June 2016. As at the date of signing the annual accounts the company is in compliance with its obligations under its facilities.

Resolution of the current dispute with Samsung on the Roy Hill Rail project and the incremental cash anticipated to be generated from that settlement is important to overall liquidity although the Consolidated Entity is continuing to review other options to meet overall funding requirements.

The Consolidated Entity's forecasts indicate there is sufficient capacity given the business plans for FY16 to meet all debt repayments as scheduled up to and including March 2016 without the need for any receipts from any settlement with Samsung. In the event that a settlement with Samsung is not reached by that date the Consolidated Entity will be required with the continued support from its banking group to either seek additional sources of funds and or to defer the debt repayments due in June 2016 and beyond.

The ability of the Consolidated Entity and Company to continue as going concerns is dependent on successfully achieving the matters set out above.

Should the Consolidated Entity and Company be unable to achieve the matters above a material uncertainty would exist as to whether the Consolidated Entity and Company will be able to continue as going concerns and therefore whether they will realise their assets and discharge their liabilities in the normal course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might by necessary should the Consolidated Entity and Company not continue as going concerns.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company and its subsidiaries. Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of subsidiaries where appropriate are consistent within the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

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.

2.4 Business combinations

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 assets transferred by the group, liabilities incurred by the group to

the former owners of the acquiree and the equity instruments issued by the group 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 at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets 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 group 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.

2.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see note 2.4) less accumulated impairment losses as disclosed where applicable. For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) that is 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 comprehensive income/ income statement. 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.

2.6 Interests in associates

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

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

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

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's

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

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

2.7 Interests in joint operations

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.

2.8 Revenue recognition

Revenue and costs are recognised by reference to the stage of completion of the contract activity 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 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.

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.

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.

2.9 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.

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.

2.10 Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the company and the presentation currency for the consolidated financial statements.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements of foreign operations, the assets and liabilities of the group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in the foreign currency translation reserve in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.12 Government grants

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government assistance which does not have conditions attached specifically relating to the operating activities of the entity is recognised in accordance with the accounting policies above.

2.13 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.

2.14 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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.

Deferred tax

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 liabilities are generally recognised for all taxable temporary differences. 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 reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the

current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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.

2.15 Property, plant and equipment

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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	5 to 10 years

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

The 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.

2.16 Intangible assets

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.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

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 (see note 2.15).

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined normally on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.18 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.

Provision for warranties

Provisions are made for the expected cost of warranty obligations in relation to specific construction contracts at reporting date. The provision is based on the present value of future cash flows estimated to be required to settle the warranty obligation. Cash flows estimated based on the best estimate of the expenditure required to settle the group's obligation and history of warranty claims.

Provision for onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.19 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.

2.20 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.

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.

2.21 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.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

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.

2.22 Trade and Other Payables

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.

2.23 Goods and services tax

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
- for 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.

2.24 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.

2.25 Dividends

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.

2.26 Earnings 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.

2.27 Share-based payments

Share based compensation payments are provided to employees in accordance to the company's Employee Share Plan ('ESP') and Long-Term Incentive Plan ('LTIP') detailed in remuneration report. The Employee Share Plan ('ESP') is accounted for as an "in-substance" option plan due to the limited recourse nature of the loan between the employees and the company to finance the purchase of ordinary shares.

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.

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.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, 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.

3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see note 3.2), that the Directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition

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. When the outcome

of a construction contract cannot be measured reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Share based payments

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. The 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.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

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 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.

As noted in the interim results HY15, it was reported that the company was not in a position to reliably estimate the outcome of the Roy Hill Rail contract for Samsung and had at the interim results recognised revenue to the extent of contract costs incurred. From discussions with Samsung over the last six months it is considered unlikely that an outcome can be negotiated which supports a position where the company can at least recover costs incurred on the contract. Consequently the full year accounts assume a loss on the project. The loss is based on the project completion costs and an assessment of the likely final contract price, including an agreed reassessment of the value of the actual contract quantities and an assessment of variations based on claims determined in favour of NRW through the Construction Contracts Act 2004 (WA), less allowances for reasonable back charges due under the contract to Samsung.

As negotiations are continuing the values of the amounts assumed are considered to be commercially sensitive and are not disclosed in these accounts.

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

(i) future increases in wages and salaries;
(ii) future on cost rates; and
(iii) employee departures and period of service.

Useful lives of property, plant and equipment

As described in note 2.15, 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.

Provision for warranties and Onerous Leases

As described in note 2.18, the group recognises provisions for warranties for obligations in relation to specific construction contracts and for onerous contracts. The future outflow of cash has been estimated at the best estimate of the expenditure required to settle the group's obligation.

Goodwill impairment

Determining whether goodwill is impaired requires an estimation of the inputs of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. In this regard the future cash flows are estimated based on business plans relating to the cash-generating units.

The carrying amount of goodwill at 30 June 2015 was $Nil (30 June 2014: $19.6 million). The Directors determined an impairment of goodwill during the current period of $19.6 million (2014: $4.8 million). Details of the recoverable value assessment and relevant assumptions can be found at Note 20.

Property, Plant and Equipment Impairment

During the period to 30 June 2015 the group reviewed the carrying value of its property, plant and equipment in light of the plant and equipment utilisation level and reduced market demand. 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). Refer note 21.

Income Tax

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.

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 assumptions used in the value in use assessments detailed in Note 21.

Recognition of net deferred tax asset and income tax accrual

A net deferred tax asset of $22.8 million has been recognised on the face of the Consolidated Statement of Financial Position. This tax benefit will be realised over the next 5-7 years when future taxable profits are available against which the unused tax losses can be utilised. This net asset has been raised as it is considered more likely than not that it will be realised. In making this assessment of likelihood, a forward looking estimation of cash flows and the likelihood of business success has been made. A forward looking estimation of this nature is inherently uncertain. Details of deferred tax balances are contained in note 9.

Tax Consolidation

An incremental deferred tax asset which may arise as a result of the tax consolidation process has not been recognised as the further analysis is required before being finalised.

4. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

4.1 Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the group has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014, and therefore relevant for the current year end.

AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments have been applied retrospectively. [As the group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments does not have any material impact on the disclosures or on the amounts recognised in the group's consolidated financial statements. /The group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments does not have any material impact on the amounts recognised in the group's consolidated financial statements.]
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'. The application of these amendments does not have any material impact on the disclosures in the group's consolidated financial statements.
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	The amendments to AASB 139 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. As the group does not have any derivatives that are subject to novation, the application of these amendments does not have any material impact on the disclosures or on the amounts recognised in the group's consolidated financial statements.
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	The amendments to AASB 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. To qualify as an investment entity, a reporting entity is required to: • obtain funds from one or more investors for the purpose of providing them with investment management services; • commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and • measure and evaluate performance of substantially all of its investments on a fair value basis. Consequential amendments have been made to AASB 12 and AASB 127 to introduce new disclosure requirements for investment entities. As the company is not an investment entity (assessed based on the criteria set out in AASB 10 as at 1 July 2014), the application of the amendments does not have any material impact on the disclosures or the amounts recognised in the group's consolidated financial statements.

AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)

The Annual Improvements 2010-2012 has made number of amendments to various AASBs, which are summarised below.

- The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share based payment transactions for which the grant date is on or after 1 July 2014.
- The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.
- The amendments to AASB 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.
- The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.
- The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
- The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required The Annual Improvements 2011-2013 has made number of amendments to various AASBs, which are summarised below.
- The amendments to AASB 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.
- The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.
- The amendments to AASB 140 clarify that AASB 140 and AASB 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:
    - the property meets the definition of investment property in terms of AASB 140; and
    - the transaction meets the definition of a business combination under AASB 3.

The application of these amendments does not have any material impact on the disclosures or on the amounts recognised in the group's consolidated financial statements.

AASB 2014-1 'Amendments to Australian Accounting Standards' (Part B: Defined Benefit Plans: Employee Contributions Amendments to AASB 119)	The amendments to AASB 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. The application of these amendments to AASB 119 does not have any material impact on the disclosures or on the amount recognised in the group's consolidated financial statements.
Interpretation 21 'Levies'	Interpretation 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. Interpretation 21 has been applied retrospectively. The application of this Interpretation does not have any material impact on the disclosures or on the amounts recognised in the group's consolidated financial statements.
AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)	The revised AASB 1031 is an interim standard that cross-references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the disclosures or the amounts recognised in the group's consolidated financial statements.

4.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

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 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 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	30 June 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

(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.*

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
At the date of publication, there have been no IASB Standards or IFRIC Interpretations that are issued but not yet effective.		

5. SEGMENT REPORTING

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

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:

A) 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 schedule 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.

B) Geographical Information

The Guinea operations were completed during the year ended 30 June 2013, however some assets remain in country pending project leads and tendering.

Revenues and total assets for the two geographical segments comprise:

	Revenue from External Customers		Total Current and Non-Current Assets	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Australia	775,934	1,134,492	368,163	780,349
West Africa - Guinea	-	-	1,026	5,901
TOTAL	**775,934**	**1,134,492**	**369,189**	**786,250**

C) Reportable segment revenues and results

Year ended 30 June 2015	C&M	ADB	AES	Unallocated	Consolidated
	$'000	$'000	$'000	$'000	$'000
Segment revenue	694,103	85,927	15,298	-	795,328
Inter-segment eliminations	-	-	-	(19,393)	(19,393)
TOTAL FROM CONTINUING OPERATIONS	**694,103**	**85,927**	**15,298**	**(19,393)**	**775,935**
Segment profit / (loss)	(126,478)	2,086	(1,980)	5,330	(121,042)
Impairment expense	(126,607)	(1,100)	(21,293)	(8,272)	(157,272)
TOTAL FROM CONTINUING OPERATIONS	**(253,085)**	**986**	**(23,275)**	**(2,942)**	**(278,311)**
Share of loss from associates					(500)
Net finance costs					(11,513)
Income tax benefit					60,502
LOSS FOR THE PERIOD					**(229,823)**

Year ended 30 June 2014	C&M	ADB	AES	Unallocated	Consolidated
	$'000	$'000	$'000	$'000	$'000
Segment revenue	1,029,157	110,001	27,992	-	1,167,150
Inter-segment eliminations	-	-	-	(32,658)	(32,658)
TOTAL FROM CONTINUING OPERATIONS	**1,029,157**	**110,001**	**27,992**	**(32,658)**	**1,134,492**
Segment profit / (loss)	72,944	7,024	(780)	(8,932)	70,256
Impairment expense	-	-	(4,800)	-	(4,800)
TOTAL FROM CONTINUING OPERATIONS	**72,944**	**7,024**	**(5,580)**	**(8,932)**	**65,456**
Share of loss from associates					-
Net finance costs					(14,268)
Income tax expense					(6,952)
PROFIT FOR THE PERIOD					**44,236**

D) Segment assets and liabilities

	Segment Assets	
	2015	2014
	$'000	$'000
NRW Civil and Mining	264,193	643,138
Action Drill & Blast	52,776	62,509
AES Equipment Solutions	8,935	31,092
Other unallocated assets	43,284	49,512
CONSOLIDATED ASSETS	**369,188**	**786,250**

	Segment Liabilities	
	2015	2014
	$'000	$'000
NRW Civil and Mining	(205,621)	(326,602)
Action Drill & Blast	(31,201)	(44,982)
AES Equipment Solutions	(4,003)	(3,985)
Other unallocated liabilities	-	(38,679)
CONSOLIDATED LIABILITIES	**(240,825)**	**(414,248)**

E) Information about major customers

Included in the revenues arising from sales of the reporting segments (note 5.C) 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 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**

These are summarised by Segment below for the comparative year end 30 June 2014:

	NRW Civil & Mining	Action Drill & Blast	AES Equipment Solutions	Total
	$'000	$'000	$'000	$'000
Major customer 1	361,300	-	-	361,300
Major customer 2	116,200	-	-	116,200
TOTAL FOR CONTINUING OPERATIONS	**477,500**	**-**	**-**	**477,500**

F) Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
NRW Civil and Mining	32,198	38,989	6,982	11,607
Action Drill & Blast	5,766	5,454	754	13,889
AES Equipment Solutions	814	688	609	2,451
Other	5,568	7,622	6,596	1,607
TOTAL FOR CONTINUING OPERATIONS	**44,346**	**52,753**	**14,941**	**29,554**

6. REVENUE

	Consolidated	
	2015	2014
	$'000	$'000
Revenue from all sources	775,934	1,134,492
TOTAL REVENUE	**775,934**	**1,134,492**

7. NET FINANCE EXPENSE

	Consolidated	
	2015	2014
	$'000	$'000
Interest income	1,439	1,990
TOTAL FINANCE INCOME	**1,439**	**1,990**
Interest on obligations under finance leases	(12,950)	(16,246)
Interest on bank overdrafts and loans	(1)	(12)
Total finance expenses	**(12,951)**	**(16,258)**
NET FINANCE EXPENSE	**(11,512)**	**(14,268)**

8. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

A) Other expenses

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

	Consolidated	
	2015	2014
	$'000	$'000
EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	(301,170)	(364,247)
Superannuation contributions	(18,874)	(21,686)
Share based payments	(98)	(226)
	(320,142)	**(386,159)**
PROFIT / (LOSS) ON SALE OF PROPERTY, PLANT AND EQUIPMENT	**593**	**221**
	593	**221**
Depreciation of non-current assets	(40,483)	(49,654)
Amortisation	(3,862)	(3,099)
	(44,345)	**(52,753)**
Operating lease payments	(4,968)	(7,840)
Rental hire payments	(107,418)	(152,956)
Plant and other related costs	(39,598)	(34,333)
	(151,984)	**(195,128)**

9. INCOME TAXES RELATING TO CONTINUING OPERATIONS

A) Recognised in profit or loss

	Consolidated	
	2015	2014
	$'000	$'000
CURRENT TAX EXPENSE		
Current year income tax	(32)	16,551
Adjustments for prior years income tax	(9,476)	(10,483)
	(9,508)	**6,068**
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	(70,154)	884
Deferred tax assets not brought to account	19,160	-
TOTAL TAX (BENEFIT) / EXPENSE	**(60,502)**	**6,952**

B) Reconciliation of effective tax rate

	Consolidated	
	2015	2014
	$'000	$'000
(Loss) / profit for the period	(290,325)	51,188
INCOME TAX USING THE COMPANY'S DOMESTIC TAX RATE OF 30%	**(87,097)**	**15,356**
Changes in income tax expense due to:		
Effect of expenses that are not deductible in determining taxable profit	516	503
Impairment losses on goodwill that are not deductible	5,885	1,440
Impairment losses on non-allowable property, plant and equipment	696	-
Impairment losses on investment in associates	334	-
Effect of previously unrecognised and unused tax losses	-	(1,155)
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)	31	225
Adjustments recognised in the current year in relation to the current tax of prior years (effect of income that is exempt from taxation)	(98)	(9,194)
Adjustments recognised in the current year in relation to the current tax of prior years (effect of research and development concession)	75	(219)
Effect of different income tax rates for subsidiaries operating in a different tax jurisdiction	(4)	(4)
Deferred tax assets not brought to account	19,160	-
TOTAL INCOME TAX (BENEFIT) / EXPENSE	**(60,502)**	**6,952**
Effective tax rate	20.84%	13.58%

C) Current tax assets and liabilities

	Consolidated	
	2015	2014
	$'000	$'000
CURRENT TAX ASSETS AND LIABILITIES		
Income tax receivable	6,124	-
Income tax payable	-	(6,992)
	6,124	**(6,992)**

D) Deferred tax balances

	Assets		Liabilities		Net	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Share based payments	328	311	-	-	328	311
Costs of equity raising FY2011	-	134	-	-	-	134
Provisions	4,316	5,560	(2)	-	4,314	5,560
Work in progress (construction)	-	-	(1,082)	(1,339)	(1,082)	(1,339)
Inventories	-	-	(4,632)	(8,787)	(4,632)	(8,787)
PP&E	14,957	88	(2,422)	(21,970)	12,536	(21,882)
Other creditors and accruals	839	3,031	-	(357)	839	2,673
Other assets	42	72	(341)	(4,911)	(299)	(4,839)
Losses	10,820	-	-	-	10,820	-
DEFERRED TAX ASSETS / (LIABILITIES)	**31,303**	**9,194**	**(8,479)**	**(37,364)**	**22,824**	**(28,169)**

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 17.

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.

The decision to consolidate for tax purposes has not yet been formally notified to the Australian Taxation Office.

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.

An incremental deferred tax asset which may arise as a result of the tax consolidation process has not been recognised as further analysis is required before being finalised.

E) 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	
	2015	2014
	$'000	$'000
Tax losses (revenue in nature)	19,160	-
Tax losses (capital in nature)	-	-
Unused tax credits	-	-
Deductible temporary differences	-	-
	19,160	**-**

10. 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	
	2015	2014
	$'000	$'000
(Loss) / Profit for the year	(229,823)	44,235
WEIGHTED AVERAGE NUMBER OF SHARES FOR THE PURPOSES OF BASIC EARNINGS PER SHARE	**278,877**	**278,875**
Basic earnings per share	(82.4) cents per share	15.9 cents per share
Shares deemed to be issued for no consideration in respect of:		
– Performance rights	N/A	1,178
WEIGHTED AVERAGE NUMBER OF SHARES USED FOR THE PURPOSES OF DILUTED EARNINGS PER SHARE	**N/A**	**280,053**
Diluted earnings per share		15.8 cents per share

11. CASH AND CASH EQUIVALENTS

	Consolidated	
	2015	2014
	$'000	$'000
Cash and cash equivalents	34,631	155,474
	34,631	**155,474**

Cash and cash equivalents include cash on hand and in banks.

12. RECEIVABLES

A) Trade and other receivables

	Consolidated	
	2015	2014
	$'000	$'000
CURRENT RECEIVABLES		
Trade receivables	35,042	45,999
Other receivables	194	1,591
Retentions	833	3,882
SUBTOTAL	**36,069**	**51,472**
Construction work in progress (Note 22)	37,743	149,069
TOTAL TRADE AND OTHER RECEIVABLES	**73,812**	**200,541**

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.

B) Movement in the allowance for doubtful debts:

	Consolidated	
	2015	2014
	$'000	$'000
Balance at the beginning of the year	11	-
Impairment losses recognised on receivables	121	52
Amounts written off during the year as uncollectible	(132)	(41)
BALANCE AT END OF YEAR	**-**	**11**

C) Ageing of impaired trade receivables

	Consolidated	
	2015	2014
	$'000	$'000
60-90 days	-	2
90-120 days	-	-
120+ days	-	9
BALANCE AT END OF YEAR	**-**	**11**

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.

D) Age of receivables that are past due but not impaired

	Consolidated	
	2015	2014
	$'000	$'000
60-90 days	137	649
90-120 days	13	682
120+ days	9	1,579
TOTAL	**159**	**2,910**

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.

13. INVENTORIES

	Consolidated	
	2015	2014
	$'000	$'000
Raw materials and consumables	26,487	34,139
Net realisable value expense	(1,597)	-
Work in progress	3,527	2,551
BALANCE AT 30 JUNE	**28,417**	**36,690**

During the year the directors have reviewed the carrying amount of the group's inventory. As a result of reduced mining activity and market deterioration, a particular batch of tyres was written down to their recoverable value. These tyres were not considered obsolete but the assessment found the original cost compared to net realisable value required adjustment. In this determination market pricing, selling costs and physical location were considered.

14. OTHER CURRENT ASSETS

	Consolidated	
	2015	2014
	$'000	$'000
Prepayments	3,720	6,407
TOTAL	**3,720**	**6,407**

15. 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 2013	**3,218**	**7,447**	**1,239**	**557,749**	**569,653**
Effect of foreign currency exchange differences	-	-	-	1	1
Additions	-	24	164	27,607	27,795
Reclassified to intangibles	-	-	-	(6,183)	(6,183)
Disposals	-	(957)	-	(13,151)	(14,108)
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**
DEPRECIATION & IMPAIRMENT					
BALANCE AS AT 30 JUNE 2013	**-**	**1,980**	**592**	**179,385**	**181,957**
Depreciation and amortisation expense	-	733	143	48,777	49,654
Effect of foreign currency exchange differences	-	-	-	1	1
Reclassified to intangibles	-	-	-	(207)	(207)
Disposals	-	(605)	-	(8,400)	(9,005)
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**
CARRYING VALUES					
At 30 June 2014	3,218	4,405	668	346,467	354,758
At 30 June 2015	2,218	2,254	375	185,419	190,266

16. OTHER INTANGIBLE ASSETS

Intangibles held by the Consolidated Entity include:

	Software and System Development	Licences	Total
	$'000	$'000	$'000
COST			
BALANCE AS AT 30 JUNE 2013	**11,727**	**1,429**	**13,156**
Additions	1,735	24	1,759
Reclassified from property, plant and equipment	6,183	-	6,183
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**
AMORTISATION & IMPAIRMENT			
BALANCE AS AT 30 JUNE 2013	**4,528**	**501**	**5,029**
Amortisation expense	2,566	533	3,099
Reclassified from property, plant and equipment	207	-	207
BALANCE AS AT 30 JUNE 2014	**7,301**	**1,034**	**8,335**
Amortisation expense	3,592	270	3,862
Reclassified from property, plant and equipment			
Impairment	4,357	131	4,488
BALANCE AS AT 30 JUNE 2015	**15,250**	**1,436**	**16,686**
CARRYING VALUES			
At 30 June 2014	12,344	419	12,763
At 30 June 2015	4,564	18	4,581

17. CONSOLIDATED ENTITIES

Parent entity	Principle Activities	Country of incorporation	Ownership interest	
			2015	2014
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%

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 Republique of Guinea (West Africa) and not part of the above deed of cross guarantee arrangements.

The consolidated statement of comprehensive income of the entities party to the deed of cross guarantees is as follows:

	Consolidated	
	2015	2014
	$'000	$'000
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	775,934	1,134,492
Finance income	1,439	1,990
Finance costs	(12,951)	(16,258)
Share of loss in associate	(500)	-
Materials and consumables used	(129,086)	(209,494)
Employee benefits expense	(320,048)	(386,040)
Subcontractor costs	(243,342)	(210,423)
Depreciation and amortisation expenses	(44,329)	(52,728)
Impairment expense	(157,271)	(4,800)
Plant and equipment costs	(151,984)	(195,128)
Other expenses	(5,891)	(10,321)
(LOSS) / PROFIT BEFORE INCOME TAX	**(288,030)**	**51,290**
Income tax expense	60,469	(6,989)
(LOSS) / PROFIT FOR THE YEAR	**(227,562)**	**44,302**

	Consolidated	
	2015	2014
	$'000	$'000
OTHER COMPREHENSIVE INCOME		
Exchange differences arising on translation of foreign operations	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(227,652)**	**44,302**

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

	Consolidated	
	2015	2014
	$'000	$'000
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets		
Cash and cash equivalents	34,610	155,438
Trade and other receivables	73,812	200,541
Inventories	28,417	36,690
Current tax assets	6,007	-
Other current assets	3,706	6,395
TOTAL CURRENT ASSETS	**146,552**	**399,064**
NON-CURRENT ASSETS		
Investment in associates	4,812	-
Property, plant and equipment	189,834	354,741
Intangibles	5,009	12,763
Goodwill	-	19,617
Deferred tax assets	22,825	-
Financial assets	3	3
TOTAL NON-CURRENT ASSETS	**222,483**	**387,124**
TOTAL ASSETS	**369,035**	**786,188**
LIABILITIES		
Current liabilities		
Trade and other payables	83,907	170,960
Borrowings	142,255	49,613
Current tax liabilities	-	7,066
Provisions	9,134	17,178
TOTAL CURRENT LIABILITIES	**235,296**	**244,816**
NON-CURRENT LIABILITIES		
Borrowings	-	139,867
Provisions	3,353	1,541
Deferred tax liabilities	-	28,170
Total non-current liabilities	**3,353**	**169,578**
Total liabilities	**238,649**	**414,395**
NET ASSETS	**130,387**	**371,794**
EQUITY		
Issued capital	156,432	156,432
Reserves	3,086	2,987
Retained earnings	(29,137)	212,374
TOTAL EQUITY	**130,387**	**371,794**

18. UNINCORPORATED JOINT OPERATIONS

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

Name of Operation	Principal Activity	Group Interest	
		2015	2014
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%	-

There has been no change in the group's ownership or voting interests for the reported years with the exception of the recently created new joint operations being NRW Rapid JV.

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	
	2015	2014
	$'000	$'000
STATEMENT OF FINANCIAL PERFORMANCE		
Income	66,571	178,912
Expenses	(63,725)	(170,890)
STATEMENT OF FINANCIAL POSITION		
Current assets	8,489	43,815
Current liabilities	6,758	37,339

19. ASSOCIATES

The group invested in a 20% share purchase in NewGen Drilling Pty Ltd. CalEnergy Resources Limited holds the balance of the shares. The acquisition took place on the 24 November 2014 for 6,257,623 shares at a cost of $6,423,917.

NewGen Drilling Pty Ltd has a financial year ending 31 December. The cost of the investment is accounted for using the equity accounting methodology. At the time of the acquisition Oil was trading around $80 a barrel: It is currently trading around $50 a barrel. The reduction has had significant consequences to the Oil and Gas market including deferment or cancellation of a number of projects. Consequently NewGen Drilling Pty Ltd has made a loss since acquisition of $500,400 being the movement in the net assets from the financial Wstatements provided at 31 December 2014 and the net assets at 30 June 2015 at the 20% NRW stake.

NewGen Drilling Pty Ltd

	2015 $'000
Revenue	-
Profit/(Loss) for the period after tax	(2,510)
Current assets	1,020
Non-current assets	24,007
Current liabilities	2,307
Non-current liabilities	408
NET ASSETS	**26,926**

	Change 2015 $'000
Opening Cost of the investment in associate	-
Acquisition of investment in associate	6,424
Share of (loss) for the period	(500)
Impairment	(1,112)
CLOSING COST OF INVESTMENT IN ASSOCIATE	**4,812**

NRW has recognised impairment to the resulting carrying value based on an updated business plan prepared by the business. The impairment was determined based on an assessment of the current 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 21).

20. GOODWILL

The carrying amount of goodwill is tested for impairment annually or whenever there is an indicator of impairment. The group assesses the recoverable amount of the cash generating unit to which the goodwill is allocated (AES) based on the value in use calculation. Key assumptions used in this methodology include:

- projected cash flows;
- the assets recoverable amount is calculated using approved business plans and expected future inflows over a five year period and terminal value;
- estimated Rate of Growth, of 3.0%; and
- the weighted average cost of capital including a risk margin was set at a post-tax discount rate of 12.5%.

The AES business has been impacted by the current reduction in expenditure across the mining services sector and in particular lower demand for service vehicles and water trucks. The business unit reported a loss in the year of $2.0 million before impairment. Given the medium term outlook remains subdued the Directors determined having carried out a number of assessments based on the assumptions outlined above that the carrying value of the goodwill could no longer be supported as disclosed in the half-year Financial Report for the period ended 31 December 2014. Consequently an Impairment of $19.6 million (2014: $4.8 million) has been recognised.

Carrying Value

	Consolidated	
	2015	2014
	$'000	$'000
Balance at beginning of the period	19,617	24,417
Impairment losses recognised during the period	(19,617)	(4,800)
BALANCE AT THE END OF THE FINANCIAL PERIOD	**-**	**19,617**

The carrying value of the AES Equipment Solutions CGU post impairment of goodwill was $5.5 million as at 30 June 2015. In determining the recoverable amount based on the assumptions noted above the company considered various sensitivities including flexing the growth rate to 2.5% and WACC to 14.5%.

21. IMPAIRMENT

	Consolidated	
	2015	2014
	$'000	$'000
Property, plant and equipment (note 15)	130,457	-
Goodwill (note 20)	19,617	4,800
Investments in associates (note 19)	1,112	-
Inventory (note 13)	1,597	-
Intangibles (note 16)	4,488	-
	157,271	**4,800**

Property, Plant and Equipment

During year the directors determined that an impairment expense for certain property plant and equipment and intangible assets was required to bring the carrying values in line with current business plan assessments of the underlying value of the business unit (the recoverable value).

Plant and equipment utilisation and reduced market demand has placed pressure on the value of certain plant and equipment held by the group. Accordingly the group performed a review of its Civil and Mining and Action Drill & Blast property plant and equipment determining the recoverable value based on fair value less costs of disposal.

The assessment of fair value has been based on a combination of values observable in the market for the type of property, plant and equipment held by the company, other unobservable inputs and the company's historic experience in the disposal of such assets. The company obtained certain values from third parties operating in the market for the disposal of the assets. Where no external input was obtained an internal assessment was made in relation to those assets forming part of the assessment of the fair value.

Cash Generating Units (CGU's)

In addition to the specific review of property, plant and equipment referred to the company 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 impairment of property, plant and equipment referred to above.

The assumptions used in assessing the recoverable amount of the AES CGU are set out in note 20 Goodwill.

Value in Use Assumptions

EBIT and growth

The value in use assessments for NRW Civil and Mining and ADB were based on current and forecast performance as included in internal business forecasts prepared for FY16 and FY17 and growth assumptions of 3% per annum for future years including the terminal value.

Discount rate

A pre-tax discount rate of 17.9% which includes a risk margin was applied to the cash flows within each of the CGU's.

Working capital and CAPEX

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 the business plan which assumes relatively low spend in the early years of the forecast as new programmes utilise current unallocated equipment. Capital expenditure has been forecast to return to normal levels 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.

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 2015 and accordingly no impairment of the CGUs was required.

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 14.5%). These sensitivities did not result in recoverable values lower than the carrying value of the CGUs as at 30 June 2015.

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.

22. AMOUNTS DUE FROM (TO) CUSTOMERS UNDER CONSTRUCTION CONTRACTS

	Consolidated	
	2015	2014
	$'000	$'000
CONTRACTS IN PROGRESS		
Construction costs incurred plus recognised profits less recognised losses to date	1,046,916	1,261,655
Less: progress billings	1,009,173	1,112,586
	37,743	**149,069**
Recognised and included in the consolidated financial statements as amounts due:		
from customers under construction contracts	37,743	163,770
to customers under construction contracts	-	(14,701)
	37,743	**149,069**

23. PAYABLES

	Consolidated	
	2015	2014
	$'000	$'000
CURRENT PAYABLES		
Trade payables	38,847	67,141
Goods and service tax	497	3,517
Non trade payables	4,589	14,830
Accruals	42,150	85,399
	86,083	**170,887**

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.

24. BORROWINGS

The dispute on the Roy Hill Rail Project and asset impairments recognised in the year were advised to the company's finance providers as events which could potentially result in a breach to existing bank covenants. The company advised in the half year accounts that agreement had been reached on revised covenants which the company was in compliance with at 31 December 2014. Following that agreement the company and its financiers have been working together to agree revised facilities and further changes to covenants.

Revised covenants were agreed and as at the date of signing the annual accounts the company is in compliance with its obligations under its facilities. However, as confirmation of the revision to covenants was received after the balance sheet date all long term borrowings have been classified as current.

The revised banking facilities recognise amounts drawn for Bank Guarantees and Asset Financing. All debt obligations have been met to agreed terms. 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 2016.

A) The group borrowings is comprised of:

	Consolidated	
	2015	2014
	$'000	$'000
SECURED AT AMORTISED COST		
CURRENT		
Finance lease liability	141,813	48,451
Insurance funding	442	1,162
TOTAL CURRENT	142,255	49,613
NON-CURRENT		
Finance lease liability	-	139,867
Total Non-Current	-	139,867
GROUP TOTAL	142,255	189,480

B) Finance facilities:

Consolidated finance facilities as at 30 June 2015

Finance Description	Face Vale (limit)	Carrying Amount (utilised)	Unutilised Amount
	$'000	$'000	$'000
ASSET FINANCING[1]	146,877	141,813	5,064
Working capital	-	-	-
GUARANTEES AND OTHER FUNDING	6,109	6,109	-
Other	442	442	-

(1) Terms range from 1 to 5 years

Consolidated finance facilities as at 30 June 2014

Finance Description	Face Vale (limit)	Carrying Amount (utilised)	Unutilised Amount
	$'000	$'000	$'000
ASSET FINANCING[1]	**260,400**	**189,477**	**70,923**
Working capital	35,000	-	35,000
GUARANTEES AND OTHER FUNDING	**63,500**	**45,662**	**17,838**
Other	1,162	1,162	-

(1) Terms range from 1 to 5 years

Security

The main finance providers are Australia and New Zealand Banking Group Limited ("ANZ") which provides working capital facilities to the company including trade finance and performance guarantee facilities and ANZ Leasing (Vic) Pty Ltd ("ANZ Leasing") which provides asset finance to the company. 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 interest granted by the company in favour of ANZ. The facility provided by ANZ Leasing is secured by first ranking specific security over any goods purchased using the proceeds of that facility.

25. PROVISIONS

	Consolidated	
	2015	2014
	$'000	$'000
CURRENT		
Employee benefits	6,685	16,101
Warranty	1,077	1,077
Onerous leases	1,372	-
Total current provisions	**9,134**	**17,178**
NON-CURRENT		
Employee benefits	1,237	1,354
Warranty	77	187
Onerous leases	2,039	-
Total non-current provisions	**3,353**	**1,541**
TOTAL CURRENT AND NON-CURRENT PROVISIONS	**12,487**	**18,719**

	Consolidated			
	Onerous lease	Warranty provision	Employee benefits	Total
	$'000	$'000	$'000	$'000
BALANCE AT 1 JULY 2014	**-**	**1,264**	**17,455**	**18,719**
Provisions made during the year	3,411	(110)	34,069	37,370
Reductions arising from payments	-	-	(43,602)	(43,602)
Reductions resulting from re-measurement	-	-	-	-
BALANCE AT 30 JUNE 2015	**3,411**	**1,154**	**7,922**	**12,487**
Short-term provisions	1,372	1,077	6,685	9,134
Long-term provisions	2,039	77	1,237	3,353
TOTAL BALANCE AT 30 JUNE 2015	**3,411**	**1,154**	**7,922**	**12,487**

i) 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 three and a half years of the current lease.

ii) 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.

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

26. CONTRIBUTED EQUITY

Fully paid ordinary shares

	Consolidated	
	2015	2014
	$'000	$'000
ORDINARY SHARES		
278,877,219 fully paid ordinary shares (2013: 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			
	2015	2014	2015	2014
	# No. '000	# No. '000	$'000	$'000
FULLY PAID ORDINARY SHARES				
BALANCE AT THE BEGINNING OF THE FINANCIAL YEAR	278,877	278,877	156,432	156,432
Acquisition of treasury shares	-	(146)	-	(231)
Transfer to contributed equity	-	146	-	231
Share issue costs	-	-	-	-
BALANCE AT THE END OF THE PERIOD	**278,887**	**278,877**	**156,432**	**156,432**

Share options and performance rights granted

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 in the directors remuneration report.

27. RESERVES

	Consolidated	
	2015	2014
	$'000	$'000
Share based payment reserve	3,085	2,987
Foreign currency reserve	(184)	(215)
TOTAL RESERVES	**2,901**	**2,772**

	Consolidated	
	2015	2014
	$'000	$'000
SHARE BASED PAYMENT RESERVE		
Balance at the beginning of the financial year	2,987	2,991
Shares issued for vested rights	-	(231)
Share based payments	98	226
BALANCE AT THE END OF THE FINANCIAL YEAR	**3,085**	**2,987**

	Consolidated	
	2015	2014
	$'000	$'000
FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at the beginning of the financial year	(215)	(214)
Exchange differences arising on translation of foreign operations	31	(1)
BALANCE AT THE END OF THE FINANCIAL YEAR	**(184)**	**(215)**
TOTAL RESERVES	**2,901**	**2,772**

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.

28. RETAINED EARNINGS

	Consolidated	
	2015	2014
	$'000	$'000
Balance at the beginning of the financial year	212,798	193,661
Net profit attributable to members of the parent entity	(229,823)	44,236
Dividends paid (Note 29)	(13,944)	(25,099)
BALANCE AT THE END OF THE FINANCIAL YEAR	**(30,969)**	**212,798**

29. DIVIDENDS

Dividends paid

	2015		2014	
	Cents per share	Total $'000	Cents per share	Total $'000
RECOGNISED AMOUNTS PAID:				
Fully paid ordinary shares, fully franked				
Final dividend to 30 June 2014:	5.00	13,944		
Interim dividend to 31 December 2014:	-	-		
Final dividend to 30 June 2013			5.00	13,944
Interim dividend to 31 December 2013			4.00	11,155
		13,944		**25,099**
UNRECOGNISED AMOUNTS:				
Fully paid ordinary shares, fully franked				
Final dividend to 30 June 2014			5.00	13,944
Final dividend to 30 June 2014	-	-		

No dividend will be declared in respect of the financial year ended 30 June 2015.

Franking account

	Consolidated	
	2015 $'000	2014 $'000
FRANKING ACCOUNT BALANCE AT 1 JULY	49,899	65,352
Australian income tax paid/(refund)[1]	3,601	(4,696)
Franking credits attached to dividends paid:		
- as final dividend	(5,976)	(5,976)
- as interim dividend	-	(4,781)
FRANKING ACCOUNT BALANCE AT 30 JUNE	**47,524**	**49,899**
Franking credits that will arise from the payment /(refund) of income tax payable as at reporting date[1]	(5,935)	7,066
Franking credits that will arise from the payment of dividends declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.	-	(5,976)
NET FRANKING CREDITS AVAILABLE	**41,589**	**50,989**

(1) Excludes income tax payments made in overseas tax jurisdictions.

30. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

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

	Consolidated	
	2015	2014
	$'000	$'000
(LOSS) / PROFIT FOR THE PERIOD	**(229,823)**	**44,236**
Adjustments for:		
Loss/(gain) on sale of property, plant and equipment	(593)	(221)
Net foreign exchange (gain) / loss	31	(1)
Depreciation and amortisation	44,345	52,753
Impairment of PP&E (excludes Inventories impairment)	136,057	4,800
Impairment of goodwill	19,617	-
Share of loss from associates	500	-
Share based payment expense	98	226
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**(29,768)**	**101,792**
Change in trade and other receivables	126,729	4,511
Change in inventories	8,273	11,857
Change in other assets	2,687	(1,007)
Change in trade and other payables	(84,805)	(26,052)
Change in provisions and employee benefits	(6,233)	1,379
Change in provision for income tax	(13,116)	10,764
Change in deferred tax balances	(50,995)	884
NET CASH FROM OPERATING ACTIVITIES	**(47,228)**	**104,129**

31. 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 to manage 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 remain, including some assets that are strategically held there for new project development and bids. No cash is held other than to meet the day to day running costs of these remnant operations.

Capital risk management

The capital structure of the group comprises of debt (borrowings), cash and cash equivalents, and equity to the relevant stakeholders.

The majority of capital 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 a clubbing arrangement through the ANZ Banking Group Ltd.

The cash position is reviewed regularly.

Gearing ratio

The Board meets regularly to determine the level of borrowings and funding required. 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 2015 as:	Consolidated	
	2015	2014
	$'000	$'000
Borrowings (Note 24)	142,255	189,480
Cash (Note 11)	(34,631)	(155,474)
NET DEBT	**107,624**	**34,007**
Total equity	128,364	372,002
NET DEBT TO EQUITY RATIO	**84%**	**9%**

Gearing ratio of 84% as at 30 June 2015 has increased since 30 June 2014.

Fair value of financial instruments

The carrying values of financial assets and financial liabilities recorded in the financial statement approximate their fair values.

Interest rate risk management

The ANZ facility has no outstanding utilisations. Principal and interest payments under the ANZ Leasing facility are made quarterly (some historical borrowings remain as monthly repayments). The term under the ANZ Leasing facility is five years or as deemed relevant to that plant utilisation and life. The final payment in respect of any loan in most cases is set at 25% of the principal amount of that loan.

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 fixed.

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 lies mainly in the new drawdown facilities should a project award require it. In this case the cost of the capital would be considered in the project tender submission and appropriate approval sort. If the group were to consider a swing of 5% in the interest rate or cost of funds, there would not be a material impact to the cost of capital.

Liquidity risk management

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 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 demand and other market forces.

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.

A) 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	-	-
		108,443	**76,013**	**32,430**	**-**	**-**
FINANCIAL LIABILITIES						
Asset financing	5.93%	156,355	1,367	74,733	80,255	-
Trade and other payables	-	86,083	40,515	45,568	-	-
		242,438	**41,882**	**120,301**	**80,255**	**-**

B) Consolidated interest and liquidity analysis 2014

	Effective interest rate	Total	0 to 30 days	31 days to < 1 year	1 to 5 yrs	> 5yrs
		$'000	$'000	$'000	$'000	$'000
FINANCIAL ASSETS						
Cash and cash equivalents	1.90%	155,474	155,474	-	-	-
Trade and other receivables	-	200,541	101,319	99,222	-	-
		356,015	**256,793**	**99,222**	**-**	**-**
FINANCIAL LIABILITIES						
Asset financing	6.79%	216,649	1,823	59,536	155,290	-
Trade and other payables	-	170,887	96,667	74,221	-	-
		387,536	**98,490**	**133,756**	**155,290**	**-**

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 is 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 by the board. Other than specific transactions or purchases negotiated with the supplier, the transactions dealing in foreign currency are dealt with at spot.

The cash balances held in Guinea at 30 June 2015 (at spot) was $20,523 AUD (2014: $35,521 AUD).

Market movements in overseas jurisdictions are considered a low risk, given the majority of the cash is utilised quickly and intentionally not left idle for long periods.

Credit risk

The credit risk associated with the group is primarily if any third party fails to meet its obligations to pay its debt as and when they fall due. Trade and other receivables primarily continue in the 30 to 60 day band. Cash retentions are small in nature given the priority to utilise bonds and bank guarantees. The retention or guarantee/bond period varies from contract to contract under the terms of each contract.

Where terms are exceeded by the customer no interest is charged on late payments, however management continue to follow a strict credit policy as part of day to day cash flow management and pursue any delays or late payments vigorously.

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.

The total amount of guarantees at 30 June 2015 stands at $6.1 million (2014: $45.7 million) and bonds held stand at $83.1 million (2014: $207.9 million).

32. FINANCE LEASES

Finance leases as lessee

Non-cancellable finance leases are payable as follows:

The majority of new plant and equipment purchases are financed using hire purchase as described in the financial instrument Note 31. The average lease term is five years

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 5.37% to 7.57% (2014: 5.56% to 11.08%)

	Minimum future lease payments		Present value of minimum future lease payments	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
No later than 1 year	76,100	61,359	66,847	49,613
Later than 1 year and not later than 5 years	80,255	155,290	75,408	139,867
Later than five years	-	-	-	-
MINIMUM FUTURE LEASE PAYMENTS[1]	**156,355**	**216,649**	**142,255**	**189,480**
Less future finance charges	(14,100)	(27,168)	-	-
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	**142,255**	**189,480**	**142,255**	**189,480**

(1) Minimum future lease payments include the aggregate of all the lease payments and any guaranteed residual value.

Included in the financial statement as (Note 24 'Borrowings'):

	Consolidated	
	2015	2014
	$'000	$'000
Current borrowings	142,255	49,613
Non-current borrowings	-	139,867
	142,255	**189,480**

33. OPERATING LEASES

Operating leases as lessee

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

	Consolidated	
	2015	2014
	$'000	$'000
Less than one year	-	-
Between one and five years	-	-
More than five years	-	-
	-	-

Property lease rentals are payable as follows:

	Consolidated	
	2015	2014
	$'000	$'000
Less than one year	4,194	3,175
Between one and five years	5,654	9,156
More than five years	-	-
	9,848	**12,331**

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.

34. CAPITAL AND OTHER COMMITMENTS

	Consolidated	
	2015	2014
	$'000	$'000
CAPITAL EXPENDITURE COMMITMENTS – PLANT AND EQUIPMENT AND OTHER		
Within one year	-	1,386
Between one and five years	-	-
Later than five years	-	-
	-	**1,386**

35. CONTINGENCIES

	Consolidated	
	2015	2014
	$'000	$'000
Bank guarantees	6,109	45,663
Insurance bonds	83,124	207,984
BALANCE AT THE END OF THE FINANCIAL YEAR	**89,233**	**253,646**

The group has bank guarantees and 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.

36. RELATED PARTIES

The ultimate parent entity within the group is NRW Holdings Limited. The interests in subsidiaries are set out in Note 17.

A) 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 2015 $	Transaction Value 2014 $
(i) OTHER RELATED PARTY – EXPENSE			
Mr W Fair – Northwest Quarries Pty Ltd	Purchase of construction materials.	1,758,908	4,355,253
(ii) INTER GROUP TRANSACTIONS			
NRW Pty Ltd – Purchases from Action Mining Services	Repairs and maintenance, plant and module purchases and labour hire.	5,340,013	8,935,604
NRW Pty Ltd – Sales to Action Mining Services	Back charges for labour and miscellaneous.	30,036	22,869
NRW Pty Ltd - Sales to NRW-NYFL Joint Venture	Subcontractor Services	12,334,723	49,867,452
NRW Pty Ltd - Sales to NRW Eastern Guruma Joint Venture	Subcontractor Services	39,131,573	280,881,517
NRW Pty Ltd – Sales to NRW EG NYFL JV Solomon	Subcontractor Services	21,961	-
NRW Pty Ltd – Sales to NRW- Eastern Guruma-NYFL Joint Venture	Subcontractor Services	19,854,405	801,920
NRW Pty Ltd – Sales to Action Drill & Blast	Back charges for plant, labour and other re project works	5,002,671	1,053,661
NRW Pty Ltd - Purchases from NRW Guinea SARL	Management Fee and cost back charges	71,526	119,186
Action Drill & Blast – Purchases from Action Mining Services	Repairs and maintenance, plant and module purchases and consulting	58,049	380,242
NRW Pty Ltd – Purchases from Action Drill & Blast	Drill & Blast Services and back charges	18,966,934	27,279,470
Action Drill & Blast – Sales to NRW-Eastern Guruma Joint Venture	Drill & Blast Services and back charges	-	3,659,143
Action Drill & Blast – Purchases from NRW Pty Ltd	Materials and consumables, plant and module purchases and equipment hire	192,802	-
NRW Pty Ltd – interest charged from ACN 107 724 274	Interest levied on intercompany loan balances	-	4,585,809
ACN 107 724 274 – interest charged from Action Mining Services	Interest levied on intercompany loan balances	-	544,310

Related party outstanding balances

Amounts receivable from or payable to related parties at reporting date were as follows:

	Consolidated	
	2015	2014
	$'000	$'000
ACCOUNT RECEIVABLE BALANCES		
Other related parties	-	-
Total related party assets	-	-
ACCOUNTS PAYABLE BALANCES		
Other related parties	-	9
Total related party payables	-	9

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.W

37. 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.

38. AUDITOR'S REMUNERATION

	Consolidated	
	2015	2014
	$	$
AUDIT SERVICES		
Auditors of the Company		
Deloitte Touche Tohmatsu	277,500	310,000
OTHER SERVICES		
Deloitte Touche Tohmatsu		
Coal levy audits	14,000	13,174
Procurement strategy [1]	102,500	513,798
TOTAL	**394,000**	**836,972**

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

39. PARENT ENTITY INFORMATION

As at, and throughout, the financial year ended 30 June 2015 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. Refer to Note 2 for a summary of the significant accounting policies relating to the group.

A) Financial position

	Parent	
	2015	2014
	$'000	$'000
ASSETS		
Current assets	65,645	247,353
Non-current assets	62,550	34,089
TOTAL ASSETS	**128,195**	**281,442**
LIABILITIES		
Current liabilities	-	8,424
Non-current liabilities	-	(595)
TOTAL LIABILITIES	**-**	**7,829**
EQUITY		
Contributed equity	156,456	156,456
Retained earnings	(31,047)	114,470
RESERVES		
Share based payment reserve	2,786	2,688
TOTAL EQUITY	**128,195**	**273,613**

B) Financial performance

	Parent	
	2015	2014
	$'000	$'000
(Loss) / profit for the year	(131,996)	43,421
TOTAL COMPREHENSIVE INCOME	**(131,996)**	**43,421**

C) Guarantees entered into by the parent in relation to the debts of its subisidiaries:

	Parent	
	2015	2014
	$'000	$'000
Debt borrowings	142,255	189,480
TOTAL	**142,255**	**189,480**

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

Historical unit trust distributions from NRW Unit Trust (subsidiary) to NRW Holdings Limited (parent) have been historically amended to be compliant with the trust deed. Historical unit trust distributions have not been settled by way of cash as at 30 June 2015, the balances owing are recorded in the intercompany receivable and payable of the parent and subsidiary respectively. The deferred tax impacts have also been amended.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 12 August 2015.

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	183,835,115	65.92	277	3.55
10,001 to 100,000	74,998,204	26.89	2,410	30.89
5,001 to 10,000	12,255,171	4.39	1,504	19.27
1,001 to 5,000	7,153,802	2.57	2,282	29.25
1 to 1,000	645,719	0.23	1,330	17.04
Total	**278,888,011**	**100.00**	**7,803**	**100.00**
Unmarketable parcels	2,694,424	0.97	2,375	30.44

NRW's 20 Largest Shareholders

Rank	Name	Shares	% Interest
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	29,634,864	10.63%
2	CITICORP NOMINEES PTY LIMITED	22,041,605	7.9%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19,614,947	7.03%
4	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	11,439,188	4.1%
5	NATIONAL NOMINEES LIMITED	4,545,774	1.63%
6	PRUDENTIAL NOMINEES PTY LTD	4,100,000	1.47%
7	JULIAN ALEXANDER PEMBERTON THE J P TRUST	2,540,014	0.91%
8	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	2,285,701	0.82%
9	ZERO NOMINEES PTY LTD	2,250,277	0.81%
10	NATIONAL EXCHANGE PTY LTD	2,000,000	0.72%
11	NATIONAL NOMINEES LIMITED <DB A/C>	1,991,733	0.71%
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,961,534	0.7%
13	BNP PARIBAS NOMS PTY LTD <DRP>	1,710,263	0.61%
14	INTECH SOLUTIONS PTY LTD	1,639,993	0.59%
15	SPELIZA INVESTMENTS PTY LTD <GREYSMED P/L SUPER FUND A/C>	1,476,393	0.53%
16	MR GRAHAM JAMES JOLLY & MS SYLVIA LILIAN ROFE <ROFE AND JOLLY FAMILIES A/C>	1,400,000	0.5%
17	MR CHRISTOPHER KING <CHRISTOPHER'S FUND A/C>	1,343,348	0.48%
18	SPORRAN LEAN PTY LTD <SPORRAN LEAN S/F A/C>	1,255,000	0.45%
19	MR CRAIG STEVEN PICKETT	1,200,973	0.43%
20	MR MARTIN DUGGAN	1,148,000	0.41%

Substantial shareholders

As at the date of this report, the names of substantial holders in the company who have notified the company in accordance with Section 671B of the Corporations Act 2001 are set out below:

Name	Shares	% Interest
Commonwealth Bank of Australia	17,787,138	6.37%
Credit Suisse Holdings (Australia) Limited	18,836,818	6.75%

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

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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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 2015, 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 30 to 84.

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 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 2015 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 2.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the company incurred a net loss of $229.8 million during the year ended 30 June 2015. This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's and company's ability to continue as going concerns and therefore, the consolidated entity and company may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 22 of the directors' report for the year ended 30 June 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

AT Richards
Partner
Chartered Accountants
Perth, 31 August 2015

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APPENDIX 4E

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the Year Ended 30 June 2015

	% Change up / (down)	Year ended 30 June 2015	Year ended 30 June 2014
		$'000	$'000
Revenues from ordinary activities	-31.60%	775,934	1,134,492
Profit from ordinary activities after tax attributable to members	-619.54%	(229,822)	44,236
Total Comprehensive Income	-619.48%	(229,791)	44,235
INTERIM DIVIDEND			
Date dividend is payable		N/A	9 April 2014
Record date to determine entitlements to dividend		N/A	12 March 2014
Interim dividend payable per security (cents)		-	4.0
Franked amount of dividend per security (cents)		-	4.0
FINAL DIVIDEND			
Date dividend is payable		N/A	29 October 2014
Record date to determine entitlements to dividend		N/A	10 October 2014
Final dividend payable per security (cents)		-	5.0
Franked amount of dividend per security (cents)		-	5.0
RATIOS AND OTHER MEASURES			
Net tangible asset backing per ordinary security		$0.44	$1.22

Commentary on the Results for the Year

A commentary for the results for the year is contained in the Annual Financial Statements dated 31 August 2015.

Status of Accounts

This statutory financial report is based on audited accounts.

NRW Holdings Limited - ACN 118 300 217

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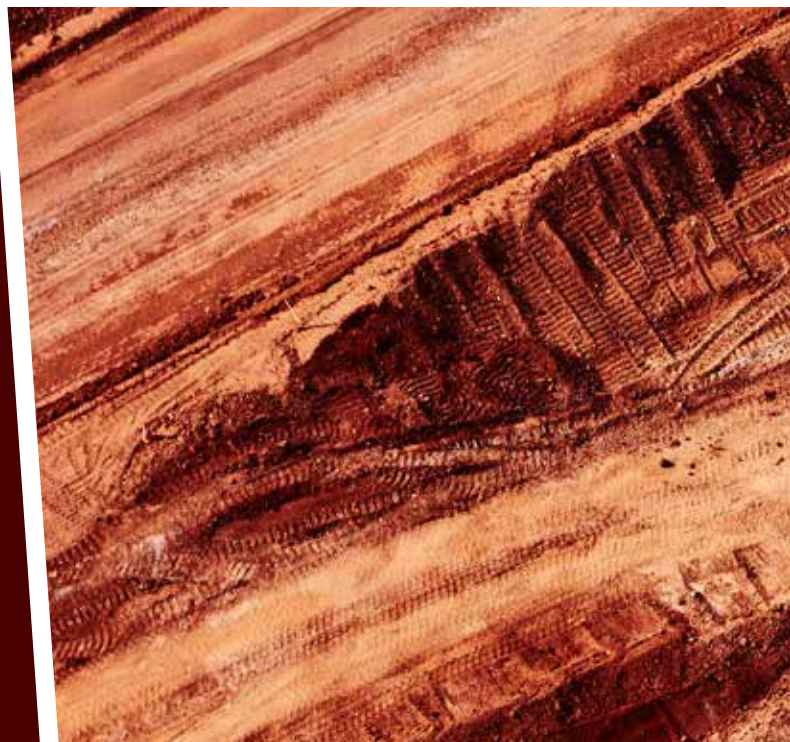

NRW Holdings

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