

# NRW Holdings Limited (ASX: NWH)

ABN 95 118 300 217

## Interim Financial Report

For the Half-Year Ended

31 December 2015





## APPENDIX 4D

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the Half-Year Ended 31 December 2015

## NRW Holdings Limited

ACN 118 300 217

	<i>% Change up / (down)</i>	Half-year ended 31 Dec 2015	Half-year ended 31 Dec 2014
		\$'000	\$'000
Revenues from ordinary activities	(73.64%)	150,374	570,419
Profit / (loss) from ordinary activities after tax attributable to members	-	6,091	(120,632)
Net profit / (loss) for the period attributable to members	-	6,091	(120,632)

### Interim Dividend

Date dividend is payable	-	-
Record date to determine entitlements to dividend	-	-
Interim dividend payable per security (cents)	-	-
Franked amount of dividend per security (cents)	-	-

### Ratios and Other Measures

Net tangible asset backing per ordinary security	\$0.47	\$0.83
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## CORPORATE DIRECTORY

**Directors**

Ian Burston – Chairman and Non-executive Director  
Michael Arnett - Non-executive Director  
Julian Pemberton – Chief Executive Officer and Managing Director  
Jeff Dowling – Non-executive Director

**Company Secretary** Kimberley Hyman

**Registered Office**

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**Auditor**

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Level 14  
Woodside Plaza  
240 St Georges Terrace  
PERTH WA 6000

**Share Registry**

Link Market Services  
Level 4 Central Park  
152 St Georges Terrace  
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**ASX Code** NWH – NRW Holdings Limited Fully Paid Ordinary Shares

**Web Page** [www.nrw.com.au](http://www.nrw.com.au)



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## DIRECTORS' REPORT

The Directors present their report together with the financial report of NRW Holdings Limited and its subsidiaries for the half year ended 31 December 2015. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows.

### Directors

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

Name	Status	
Ian Burston	Chairman Independent Non-Executive Director	Dr Burston was appointed as a Director and Chairman on 27 July 2007.
Julian Pemberton	Chief Executive Officer and Managing Director	Mr Pemberton was appointed as a Director on 1 July 2006.
Michael Arnett	Non-Executive Director	Mr Arnett was appointed as a Director on 27 July 2007.
John Cooper	Non-Executive Director	Mr Cooper resigned effective on 23 November 2015.
Jeff Dowling	Non-Executive Director	Mr Dowling was appointed as a Director on 21 August 2013.

### Company Secretary

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

### State of Affairs

There were no significant changes in the state of affairs of the company or the group during the half year ended 31 December 2015.

## RESULTS FOR THE HALF YEAR AND REVIEW OF OPERATIONS

### Financial Performance

NRW reported Revenue of \$150.4 million which compares to \$570.4 million in the same period last year. The significant reduction in activity is due to the completion of a number of major civil projects and lower levels of new Civil work across the resources sector.

Net Profit after tax improved to \$6.1 million compared to a loss of \$120.6 million. The return to profitability reflects the completion of loss making projects last financial year and cost reduction measures implemented to match lower activity levels.

Cash holdings improved in the 6 month period to \$38.5 million compared to \$34.6 million at June 2015 whilst debt reduced from \$142.3 million to \$119.0 million. Major cash movements in the half year results included the final settlement payment from Samsung on the Roy Hill Rail project which was mostly used to meet final plant hire costs and accrued staff entitlements.

### Business Segments

NRW is a leading contractor in the mining and civil construction industries reporting its results through three business units the performance of which is outlined below:



### *NRW Civil & 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 six months included continuation of Mining support at Middlemount, commencement of mining and crushing operations for Rio Tinto at Nammuldi, ongoing mining development work at FMG's Ironbridge operations and completion of the Roy Hill Concrete project. Sales totalled \$108.1 million compared to \$525.3 million last year which as stated above was due mostly to major project completions. The business returned to profitability with pre-tax earnings of \$9.2 million.

### *Action Drill and Blast Pty Ltd*

Action Drill & Blast (ADB) provides contract drill and blast services to mining and civil projects throughout Australia.

Revenues were lower at \$39.9 million compared to \$49.2 million mostly due to contracts which completed last financial year. The lower activity resulted in a break even result compared to pre-tax earnings of \$2.8 million in the prior comparative period. The business has reduced costs but equipment utilisation was lower in the 6 months which was the major reason for the lower earnings result. Importantly the business generated strong EBITDA in the half and secured a number of new contracts and contract extensions for existing clients. Of particular note were the awards from Goldings Contractors for Isaac Plains and Goldfields for their St Ives project.

### *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 again reduced to \$8.2 million compared to \$9.7 million in the prior comparative period reflecting the continued downturn in market activity particularly for service trucks, water trucks and general maintenance services. The business generated a small loss in the half despite continuing with cost reduction measures.

### **Balance Sheet, Operating Cash Flow and Capital Expenditure**

Net assets increased to \$134.5 million in the six month period due to the reported profit. Net debt improved to \$80.5 million compared to \$107.6 million at June 2015. Capital expenditure of \$3.1 million mostly relates to major component replacement and was below the same period last year (\$4.2 million). Equipment sales in the six months totalled \$8.6 million representing the planned disposal of older, higher hour and non-core fleet.

All debt obligations due in the six months were paid as scheduled. The group has received in principle Credit approved agreement from its banking group to a rescheduling of \$105 million of debt. Under the agreement \$11 million of debt will be repaid to the current schedule in March 2016 with the balance of \$105 million which includes all equipment residuals to be repaid over a period commencing April 2016 ending December 2018 in broadly equal monthly instalments.

The group was in full compliance with its banking covenants as at 31 December 2015.

### **Outlook**

Despite the challenging market conditions that our business and the sector continues to face, NRW has grown its forward order book during the period to \$780 million. The increase follows the award of the Nammuldi mining and



crushing contract for Rio Tinto and the award of two large Drill and Blast contracts for clients in Gold and Coal. The order book includes work for delivery during the second half of FY16 of around \$144 million which is in line with our 2016 full year revenue estimate of \$300m as stated at the Annual General Meeting on the 25th November 2015.

The tender pipeline at around \$2.2 billion includes a number of solid prospects for the Civil and Mining and Drill and Blast businesses including a large government infrastructure opportunity, The Forrestfield Airport Link project, for the Civil and Mining business where NRW in joint venture with Salini Impregilo have recently been selected as the Preferred Contractor.

Now that the debt rescheduling is complete and the business has stabilised, we look forward to converting current tenders into profitable new work with several good prospects expected to commence during the final quarter of the 2016 financial year.

The business expects to remain EBITDA and NPAT positive in FY16

### Dividend

The directors have resolved not to declare an Interim dividend.

### Significant Events after Period End

No matter or circumstance has arisen since the end of the interim reporting period, other than that referred to on the revised banking arrangements outlined above, that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs in future financial periods.

### Auditor's Independence Declaration

The Directors received the Auditor's Independence Declaration from the auditor of the Company, which is included on page 7 of the half-year financial report.

### Rounding of Amounts

The Company is of a type referred to in ASIC Class Order 98/0100 issued by ASIC and in accordance with that Class Order amounts in the Directors' report and the Financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

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

On behalf of the Directors

Julian Pemberton  
Chief Executive Officer  
Dated this 19<sup>th</sup> February 2016

Ian Burston  
Chairman





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

19 February 2016

Dear Board Members

**NRW Holdings Limited**

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

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

Yours sincerely

  
**DELOITTE TOUCHE TOHMATSU**



**AT Richards**  
Partner  
Chartered Accountants



## DIRECTORS' DECLARATION

The Directors of the Company declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with the accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

**Julian Pemberton**

Chief Executive Officer

**Ian Burston**

Chairman

Dated this 19<sup>th</sup> February 2016



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Notes	Consolidated Half-year ended 31 December 2015 \$'000	Consolidated Half-year ended 31 December 2014 \$'000
Revenue		150,374	570,419
Finance income		45	911
Finance costs		(5,177)	(6,991)
Share of loss from associates		(758)	-
Materials and consumables used		(22,666)	(94,125)
Employee benefits expense		(49,907)	(209,650)
Subcontractor costs		(28,479)	(151,304)
Depreciation and amortisation expenses		(12,761)	(25,039)
Impairment expense	6	-	(134,868)
Plant and equipment costs		(23,263)	(109,744)
Other expenses		(1,317)	(2,867)
Profit / (Loss) before income tax		6,091	(163,258)
Income tax benefit / (expense)	4	-	42,626
<b>Profit / (Loss) for the period</b>		<b>6,091</b>	<b>(120,632)</b>
<b>Other comprehensive income / (loss)</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences arising on translation of foreign operations		-	32
<b>Total comprehensive income / (loss)</b>		<b>6,091</b>	<b>(120,600)</b>
Profit / (Loss) Attributable to:			
Equity holders of the Company		6,091	(120,632)
Total Comprehensive Income /(Loss) Attributable to:			
Equity holders of the Company		6,091	(120,600)
<b>Earnings / (Loss) per share (cents per share)</b>			
Basic earnings / (loss) per share		2.2	(43.3)
Diluted earnings / (loss) per share		2.2	(43.3)

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



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Notes	Consolidated Half-year ended 31 December 2015 \$'000	Consolidated Full-year ended 30 June 2015 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		38,540	34,631
Trade and other receivables		45,562	73,812
Inventories		26,120	28,417
Current tax assets		2,700	6,125
Other current assets		1,946	3,720
<b>Total current assets</b>		<b>114,868</b>	<b>146,705</b>
<b>Non-current assets</b>			
Property, plant and equipment		172,900	190,266
Intangible assets		3,616	4,581
Investments in associates		4,054	4,812
Goodwill	5	-	-
Deferred tax assets		20,322	22,825
<b>Total non-current assets</b>		<b>200,892</b>	<b>222,484</b>
<b>Total assets</b>		<b>315,760</b>	<b>369,189</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		52,861	86,083
Borrowings		69,950	142,255
Provisions		6,806	9,134
<b>Total current liabilities</b>		<b>129,617</b>	<b>237,472</b>
<b>Non-current liabilities</b>			
Borrowings		49,086	-
Provisions		2,603	3,353
<b>Total non-current liabilities</b>		<b>51,689</b>	<b>3,353</b>
<b>Total liabilities</b>		<b>181,306</b>	<b>240,825</b>
<b>Net assets</b>		<b>134,454</b>	<b>128,364</b>
<b>Equity</b>			
Contributed equity	7	156,432	156,432
Reserves	8	2,901	2,901
Accumulated losses	9	(24,879)	(30,969)
<b>Total equity</b>		<b>134,454</b>	<b>128,364</b>

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



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR  
ENDED 31 DECEMBER 2015

Consolidated	Contributed equity	Foreign currency translation reserve	Share based payment reserve	Retained earnings/ (Accumulated losses)	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2014</b>	<b>156,432</b>	<b>(216)</b>	<b>2,987</b>	<b>212,798</b>	<b>372,001</b>
Loss for the period	-	-	-	(120,632)	(120,632)
Exchange differences arising on translation of Foreign operations	-	32	-	-	32
<b>Total Comprehensive Income for the period</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>(120,632)</b>	<b>(120,600)</b>
Payment of dividends	-	-	-	(13,944)	(13,944)
<b>Balance at 31 December 2014</b>	<b>156,432</b>	<b>(184)</b>	<b>2,987</b>	<b>78,222</b>	<b>237,457</b>
<b>Balance at 1 July 2015</b>	<b>156,432</b>	<b>(184)</b>	<b>3,085</b>	<b>(30,969)</b>	<b>128,364</b>
Profit for the period	-	-	-	6,090	6,090
Exchange differences arising on translation of foreign operations	-	-	-	-	-
<b>Total Comprehensive Income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,090</b>	<b>6,090</b>
Payment of dividends	-	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>156,432</b>	<b>(184)</b>	<b>3,085</b>	<b>(24,879)</b>	<b>134,454</b>

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



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Notes	Consolidated Half-year ended 31 December 2015 \$'000	Consolidated Half-year ended 31 December 2014 \$'000
<b>Cash flows from operating activities</b>		
Cash receipts from customers	197,866	688,050
Cash paid to suppliers and employees	(177,069)	(645,140)
Interest paid	(5,177)	(6,991)
Interest received	45	911
Income tax refunded / (paid)	5,928	(6,735)
<b>Net cash provided by operating activities</b>	<b>21,593</b>	<b>30,095</b>
<b>Cash flows from investing activities</b>		
Proceeds from the sale of property, plant and equipment	8,596	650
Acquisition of property, plant and equipment	(3,061)	(4,252)
Payment of investment in associate	-	(6,424)
<b>Net cash provided by / (used in) investing activities</b>	<b>5,535</b>	<b>(10,026)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	3,017	7,236
Repayment of borrowings and finance/hire purchase liabilities	(26,236)	(29,891)
Payment of dividends to shareholders	-	(13,944)
<b>Net cash used in financing activities</b>	<b>(23,219)</b>	<b>(36,599)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,909</b>	<b>(16,530)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>34,631</b>	<b>155,474</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>38,540</b>	<b>138,944</b>

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



## NOTES TO FINANCIAL STATEMENTS

### 1. Significant Accounting Policies

#### (a) Statement of compliance

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

Compliance with AASB 134 ensures compliance to International Financial Reporting Standards IAS 34 *'Interim Financial Reporting'*. The half-year report shall be read in conjunction with the most recent annual financial report where full disclosure is presented.

#### (b) Basis of Preparation

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2015 annual financial report for the financial year ended 30 June 2015, except for the impact of the Standards and Interpretations described below.

#### 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.

The consolidated entity has received agreement in principle (post 31st December 2015) from its banking group to a rescheduling of \$105 million of debt. Under the agreement \$11 million of debt will be repaid to the current schedule in March 2016 with the balance of \$105 million which includes all equipment residuals to be repaid over a period commencing April 2016 ending December 2018 in broadly equal monthly instalments... The balance sheet as at 31st December 2015 shows a total of \$69.9 million of borrowings classified as current. The agreement will reduce the amount of debt due in the next 12 months to around \$42 million.

The consolidated entity has worked extensively with its banking group and has agreed a revised mechanism to align tested covenants to the business plan for the financial year ending 30 June 2016. As at the date of signing these half year accounts the company is in compliance with its obligations under its facilities.

The consolidated entity's forecasts indicate there is sufficient capacity given the business plans for FY16 and FY17 to meet all debt repayments as set out in the debt rescheduling agreement with the banking group.

#### Application of new and revised Accounting Standards

##### *Standards and Interpretations adopted in the current year*

The group has considered and applied all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period, being the half year ended 31 December 2015.

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

AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
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## 2. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

### 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: Regularly management update forecast costs at completion in accordance with agreed upon work scope and variations. Forecast costs are based on rates expected to be applied to the related activity to be undertaken.
- (ii) Revenues: Revenues reflect the contract price agreed in the contract and variations where it is probable that the client will approve those variations or where negotiations are at final stages with the client.

Where the outcome of a contract cannot be reliably estimated;

- (a) Revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; and
- (b) Contract costs incurred shall be recognised as an expense in the period in which they are incurred.

An expected loss on a contract is recognised as an expense immediately.

### 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

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

The group recognises provisions for warranties for obligations in relation to specific construction contracts and provisions 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.

### Property, plant and equipment impairment

During the comparative 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).

### 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.





## Critical Accounting Judgments and Key Sources of Estimation Uncertainty continued...

### 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.

### Recognition of net deferred tax asset and income tax accrual

A net deferred tax asset of \$20.3 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.

### 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.



### 3. Segment Information

#### (a) Reportable segments

NRW is comprised of three businesses, NRW Civil & 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.

#### (b) Segment revenues and profit

	Segment Revenue Half-year ended		Segment Profit (Loss) Half-year ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
NRW Civil & Mining	108,104	525,257	9,209	(131,622)
Action Drill and Blast	39,948	49,222	9	2,824
AES Equipment Solutions	8,216	9,664	(263)	(21,269)
Eliminations	(5,894)	(13,724)	-	-
<b>Total for continuing operations</b>	<b>150,374</b>	<b>570,419</b>	<b>8,955</b>	<b>(150,067)</b>
Unallocated income / (expenses)			3,026	(7,112)
Share of loss from associates			(758)	-
Net finance costs			(5,132)	(6,080)
Income tax benefit / (expense)			-	42,627
<b>Profit / (Loss) for the period</b>			<b>6,091</b>	<b>(120,632)</b>

The Segment result above for the comparative period ended 31 December 2014, includes Impairment expenses of \$105.9 million for NRW Civil & Mining, \$0.2 million for Action Drill & Blast, \$21.3 million for AES Equipment Solutions and \$7.5 million in Unallocated representing Corporate assets. No Impairment expenses have been recognised in the half year ended 31 December 2015.

#### (c) Segment assets

Disclosure of segment assets and liabilities is not provided as the business does not report such measures by segment to the Chief Operating Decision Maker.



#### 4. Taxation

A reconciliation of tax expense applicable to accounting profit/ (loss) before tax at the statutory income tax rate to Tax expense at the Group's effective tax rate for the periods ended 31 December 2015 and 2014 as follows:

	Consolidated half-year ended 31 December 2015 \$'000	Consolidated half-year ended 31 December 2014 \$'000
Accounting profit/(loss) before tax	6,091	(163,258)
<b>At the statutory income tax rate of 30% (2014: 30%)</b>	<b>1,827</b>	<b>(48,978)</b>
Prior year permanent under/overs		(231)
Previously unrecognised deferred tax assets	(1,827)	-
Current year non-allowable expenditure	-	265
Current year non-allowable impairment	-	6,200
Current year non-allowable Guinea loss	-	118
<b>Income Tax Benefit / (Expense)</b>	<b>-</b>	<b>(42,626)</b>
Effective tax rate	0.00%	26.11%
Tax benefit / (expense) reported in Income Statement	-	42,626

#### 5. Goodwill

During the prior comparative period (31 December 2014) the carrying value of goodwill relating to AES of \$19.6 million was fully impaired.

#### 6. Impairment

	<i>Impairment Classification</i>	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
Property, plant and equipment	-	109,232
Goodwill (note 5)	-	19,617
Inventory	-	1,597
Intangibles	-	4,422
	-	<b>134,868</b>

As at 31 December 2015, the directors have determined that no indicators of Impairment are present and therefore no expense has been recognised during this period (2014: \$134,868,000).

##### Property, Plant and Equipment

During the prior half year ended 31 December 2014, 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 the recoverable amount.

Full details of the impairment are disclosed in the Company's half year financial report for the period ended 31 December 2014.



## 7. Contributed equity

		Consolidated Half-year ended 31 December 2015		Consolidated Full-year ended 30 June 2015	
Ordinary shares	No.	\$'000	No.	\$'000	
Balance at the beginning of the period	278,877,219	156,432	278,877,219	156,432	
Acquisition of treasury shares	-	-	-	-	
Transfer to contributed equity	-	-	-	-	
<b>Balance at the end of the period</b>	<b>278,877,219</b>	<b>156,432</b>	<b>278,877,219</b>	<b>156,432</b>	

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

## 8. Reserves

	Consolidated Half-year ended 31 December 2015 \$'000		Consolidated Full-year ended 30 June 2015 \$'000	
Share based payment reserve		3,085		3,085
Foreign currency reserve		(184)		(184)
<b>Total reserves</b>		<b>2,901</b>		<b>2,901</b>

	Consolidated Half-year ended 31 December 2015 \$'000		Consolidated Full-year ended 30 June 2015 \$'000	
Share based payment reserve		3,085		2,987
Balance at the beginning of the financial year		3,085		2,987
Shares issued for vested rights		-		-
Share based payments		-		98
<b>Balance at the end of the financial year</b>		<b>3,085</b>		<b>3,085</b>

	Consolidated Half-year ended 31 December 2015 \$'000		Consolidated Full-year ended 30 June 2015 \$'000	
Foreign currency translation reserve		(184)		(215)
Balance at the beginning of the financial year		(184)		(215)
Exchange differences arising on translation of foreign operations		-		31
<b>Balance at the end of the financial year</b>		<b>(184)</b>		<b>(184)</b>

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.



## 9. Retained earnings / (Accumulated losses)

	Notes	Consolidated Half-year ended 31 December 2015 \$'000	Consolidated Full-year ended 30 June 2015 \$'000
Balance at the beginning of the period		(30,969)	212,798
Net profit attributable to members of the parent entity		6,090	(229,823)
Dividends paid	10	-	(13,944)
<b>Balance at the end of the period</b>		<b>(24,879)</b>	<b>(30,969)</b>

## 10. Dividends

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

	Consolidated Half-year ended 31 December 2015		Consolidated Half-year ended 31 December 2014	
	Cents per share	\$'000	Cents per share	\$'000
<b>Fully paid ordinary shares</b>				
Final dividend	-	-	5.0	13,944

No dividend will be declared in respect of the period ended 31 December 2015 (2014 – nil).

## 11. Subsequent Events

There has been no significant event other than that referred to on the revised banking arrangements outlined in the Directors Report that has occurred between the balance date and the date of this report that has significantly affected, or may significantly affect the operations of the consolidated entity, the results of these operations or the state of affairs of the entity in future periods.



**Deloitte.**

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

We have reviewed the accompanying half-year financial report of NRW Holdings Limited, which comprises the condensed statement of financial position as at 31 December 2015, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 19.

### *Directors' Responsibility for the Half-Year Financial Report*

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

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NRW Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



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### *Auditor's Independence Declaration*

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

### *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads "Deloitte Touche Tohmatsu". The signature is written in a cursive, flowing style.

DELOITTE TOUCHE TOHMATSU

A handwritten signature in blue ink that reads "A T Richards". The signature is written in a cursive, flowing style.

**A T Richards**  
Partner  
Chartered Accountants  
Perth, 19 February 2016