NRW HOLDINGS LIMITED (ASX: NWH)

ABN 95 118 300 217

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2018

ASX Appendix 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half-year ended 31 December 2018

NRW Holdings Limited

ACN 118 300 217

	% change up / (down)	Half-year ended 31 December 2018 $'000	Half-year ended 31 December 2017 $'000
Revenues from ordinary activities	*57.97*	494,041	312,734
Profit from ordinary activities after tax attributable to members	*83.73*	28,202	15,349
Net profit for the period attributable to members	*83.73*	28,202	15,349
Interim dividend			
Date dividend is payable		8 May 2019	-
Record date to determine entitlements to dividend		24 April 2019	-
Interim dividend payable per security (cents)		2.0	-
Franked amount of dividend per security (cents)		2.0	-
Ratios and other measures			
Net tangible asset backing per ordinary security		$0.64	$0.49

Corporate Directory

Directors	Michael Arnett – Chairman and Non-Executive Director Julian Pemberton – Chief Executive Officer and Managing Director Jeff Dowling – Non-Executive Director Peter Johnston – Non-Executive Director
Company Secretary	Kimberley Hyman
Registered Office	181 Great Eastern Highway Belmont WA 6104 Telephone: +61 8 9232 4200 Facsimile: +61 8 9232 4232 Email: info@nrw.com.au
Auditor	Deloitte Touche Tohmatsu Tower 2 Brookfield Place Level 9 123 St Georges Terrace Perth WA 6000
Share Registry	Link Market Services Level 4 Central Park 152 St Georges Terrace Perth WA 6000 Telephone: +61 1300 554 474 Facsimile: +61 2 8287 0303
ASX Code	NWH – NRW Holdings Limited Fully Paid Ordinary Shares
Web Page	www.nrw.com.au

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Directors' Report

The Directors present their report together with the financial report of NRW Holdings Limited ('the Company") and its subsidiaries for the half year ended 31 December 2018. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows.

Directors

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

Name	Status	
Michael Arnett	Chairman Independent Non-Executive Director	Mr Arnett was appointed as a Director on 27 July 2007 and appointed Chairman on 9 March 2016.
Julian Pemberton	Chief Executive Officer and Managing Director	Mr Pemberton was appointed as a Director on 1 July 2006 and appointed as Chief Executive Officer and Managing Director on 7 July 2010.
Jeff Dowling	Non-Executive Director	Mr Dowling was appointed as a Director on 21 August 2013.
Peter Johnston	Non-Executive Director	Mr Johnston was appointed as a Director on 1 July 2016.

Company Secretary

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

Principal Activities

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

Results for the half-year and review of operations

FINANCIAL PERFORMANCE

NRW reported revenues including revenue generated by associates of $521.1 million, (statutory revenue of $494 million), compared to $345.3 million, (statutory revenue $312.7 million) in the prior comparative period. The increase in revenue was due to higher activity levels in Mining as a result of a number of contract awards and the inclusion of Golding results for the full six month period compared to four months in the previous financial year.

Group earnings before interest, tax, depreciation and amortisation (EBITDA) totalled $74.3 million, an increase of 85% over the prior comparative period of $40.3 million. Net Earnings increased to $28.2 million compared to $15.3 million reported in the previous year. The increase in earnings was due to higher revenues and strong operating performance particularly in the Mining business. The company reported a tax expense at normal levels having reported tax credits in prior years due to progressive recognition of tax losses.

The table below summarises performance for the current financial year with comparisons to the prior comparative period.

	FH FY19		FH FY18	
	Revenue $M	Earnings $M	Revenue $M	Earnings $M
Total Revenue including Associates	521.1		345.3	
EBITDA[(1)]		74.3		40.3
Depreciation and Amortisation[(2)]		(24.3)		(17.8)
Total Revenue /Total EBIT[(3)]	521.1	50.0	345.3	22.5
Revenue from Associates	(27.1)		(32.5)	
Amortisation[(4)]		(5.6)		(4.2)
Transaction costs[(5)]		-		(2.5)
Sub Total		44.4		15.8
Interest		(4.1)		(3.2)
Tax		(12.1)		2.7
Total[(6)]	494.0	28.2	312.8	15.3

(1) EBITDA is earnings before interest, tax, depreciation, amortisation and transaction costs.
(2) Excludes Golding amortisation of acquisition intangibles.
(3) Revenue including associates. Earnings including those attributable to associates before interest, tax, amortisation and transaction costs.
(4) Amortisation of Golding acquisition intangibles.
(5) Transaction costs include legal costs associated with the acquisition of Golding (FY18).
(6) Total is Statutory Revenue and Total Comprehensive Income.

Net debt at 31 December 2018 further improved to $12.8 million compared to $34.4 million at 30 June 2018 mostly due to cash generated from business operations. Cash holdings increased by $23.8 million to $82.7 million. The company ended the half-year with cash balances of $82.7 million compared to $58.8 million at the start of the year. Debt increased marginally to $95.5 million mostly due to an increase in capex driven by the purchase of key mining assets.

Gearing improved to 4.3% compared to 12.6% at 30 June 2018.

OPERATING SEGMENTS

NRW reports its operations in three segments Civil, Mining and Drill & Blast.

- The Civil business comprises NRW civil activities and the Golding civil and urban businesses.
- Mining consolidates the mining businesses of NRW and Golding together with NRW's mining support business AES Equipment Solutions.
- Action Drill & Blast (ADB) constitutes the third reporting segment.

The performance of the three businesses is outlined below:

Civil

The Civil business specialises in the delivery of private and public civil infrastructure projects, mine development, bulk earthworks and commercial and residential subdivisions. Civil construction projects include roads, bridges, tailings storage facilities, rail formation, ports, water infrastructure and concrete installations.

The Civil business reported similar revenue due to the timing of new contract awards which are scheduled to support growth in the second half of the current financial year. Earnings however improved due to improved contract margins and from the contribution of some projects where margins were ahead of bid assumptions.

Civil	Revenue	EBIT	%	EBITDA	%
	$M	$M		$M	
FH FY19	163.8	11.8	*7.2%*	12.8	*7.8%*
FH FY18	161.1	7.8	*4.8%*	9.7	*6.0%*

Activity in the Civil business in the year included mine sustaining work for Rio Tinto at Marandoo, continuation of the construction of the Forrestfield Airport Link (FAL) for the Public Transport Authority (PTA) in joint venture with Salini Impregilo, commencement of work at the South Flank project for BHP, upgrades to the Pacific Highway for Roads and Maritime Services (RMS) and work on a number of sub division stages for a range of clients in the urban business in South East Queensland.

The business secured new work for BHP at South Flank, agreed a preferred tenderer status with Fortescue Metals Group for the Eliwana rail project and announced on 24 January 2019 a contract for Rio Tinto for the bulk earthworks at the Koodaideri mine. Golding were awarded a scope extension to its existing contract for RMS Pacific Highway Upgrade (Woolgoolga-Ballina W2B) in northern New South Wales and an early contract involvement with Fitzroy Resources for the provision of project services for Ironbark No 1 Coal Mine.

Mining

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

The Mining business reported significant growth in Revenue and Earnings mostly due to increased contract activity, contracts which started in FY18 now at higher production rates in FY19 which include Dalgaranga, Curragh, Middlemount, Baralaba and Isaac Plains East, and the Golding contribution of six months versus four months in the prior comparative period. Earnings margins (EBITDA) improved despite the mix change from the increased Baralaba contract activity where Golding operate the owners equipment, due to improved production volumes and productivity and better weather than in the previous comparative period. The AES business also reported positive earnings which contributed to the overall earnings improvement due to an increase in activity which included a 5 vehicle CAT 789 refurbishment programme for an overseas project.

Mining	Revenue	EBIT	%	EBITDA	%
	$M	$M		$M	
FH FY19	310.1	40.5	*13.1%*	59.8	*19.3%*
FH FY18	133.1	13.5	*10.1%*	25.4	*19.1%*

The Golding Mining business secured a further five year extension with Stanmore Coal for Isaac Plains East valued at $500 million. The NRW business agreed to provide working capital support to Gascoyne Resources where NRW is undertaking mining activities at their Dalgaranga project. The support is in the form of a second ranking secured loan facility of $12 million of which $10.8 million was drawn in early January 2019.

Drill and Blast

ADB is a market leader in the provision of integrated, end to end production drill and blast services to the mining and civil construction sectors across Australia.

Revenues increased to $63.9 million compared to $56.1 million in the prior comparative period due to higher activity on Dalgaranga, Baralaba and Isaac Plains. Earnings continue to be impacted by drill reliability issues identified in the 2018 annual accounts. As advised at that time remediation of the drill fleet was scheduled to continue through the first half of 2019 impacting operating costs which in turn have reduced earnings. Drills which have been through the remediation process and delivered back to operations have demonstrated significant improvements in reliability and availability.

Drill & Blast	**Revenue**	**EBIT**	**%**	**EBITDA**	**%**
	$M	$M		$M	
FH FY19	63.9	0.1	*0.2%*	3.5	*5.5%*
FH FY18	56.1	1.7	*3.0%*	4.9	*8.7%*

The business has developed a more structured drill reliability programme to progressively fix availability. Drills which have been through this process and delivered back to operations continue to demonstrate significant improvements in reliability and availability.

The Drill & Blast business secured a number of new contracts and contract extensions in the year including work for the Mining business at Baralaba and Isaac Plains East, and further extensions for Talison Lithium at Greenbushes.

BALANCE SHEET, OPERATING CASH FLOW AND CAPITAL EXPENDITURE

A summary of the balance sheet as at 31 December 2018 compared to 30 June 2018 is provided below:

	31 Dec 18	**30 June 18**
	$M	$M
Cash	82.7	58.8
Debt	(95.5)	(93.2)
Net Debt	**(12.8)**	**(34.4)**
PPE	214.7	209.5
Working Capital	6.7	(5.4)
Investments in Associates	5.1	4.7
Tax Assets	26.9	38.3
Tangible Assets	**240.6**	**212.7**
Intangibles and Goodwill	53.6	59.9
Net Assets	**294.2**	**272.6**
Gearing	*4.3%*	*12.6%*

Net assets increased to $294.2 million, ($272.6 million at 30 June 2018) reflecting period earnings, Net Debt improved to $12.8 million and gearing reduced to 4.3%. Net asset movements include the FY18 full year dividend payment in November ($7.4 million).

Cash holdings improved in the half-year due to strong earnings growth and continued attention to minimising working capital increases. Working capital growth was mostly due to providing extended credit terms to Gascoyne Resources. Debt increased to finance new mining equipment. Debt issued by the company as “Company Notes” in 2016 were repaid in December 2018 via a new loan facility provided by Bankwest. The repayment normalised debt security arrangements and provides a structure to facilitate additional debt capacity should it be needed.

Capital expenditure totalled $29.5 million compared to $15.2 million in the previous half year. Expenditure included a new Liebherr 996 excavator deployed at the Curragh mine site.

The Group was in full compliance with its debt covenants as at 31 December 2018.

Outlook

Key target opportunities identified in previous outlook commentaries included securing work on Iron Ore sustaining tonnes programmes. Progress to date has been extremely positive following the award of South Flank for BHP in July 2018, the award from Rio Tinto of the Koodaideri Plant site announced in January 2019 and the award of the first rail package on Eliwana for Fortescue Metals Group announced in February 2019.

In January 2019 NRW announced the acquisition of the RCR Mining Technologies and Heat Treatment businesses (RCR MT) for a total cost of $10 million. The Group also assumed the relevant RCR MT workforce and their current employment entitlements. The businesses own intellectual property across a range of products and processes and are recognised as leaders by global resource clients. The acquisition will allow the company to provide incremental services, in line with our strategic objectives, to a number of core clients common to both NRW and RCR MT. In addition, the annuity style income from maintenance activities will provide a platform to continue to build a broader service offering across an expanded resources and oil and gas client base.

The company increased its order book at December 2018 to $2.4 billion which includes $557 million of work scheduled for delivery in the second half of the year. In addition and following the awards of Eliwana and Koodaideri, the value of work secured for FY20 is circa $900 million which currently excludes contributions from the Golding Urban and RCR MT businesses. These businesses have consistently delivered $200 million of revenue per annum in prior years.

Interim Dividend

The Directors have declared an interim dividend for the half year ended 31 December 2018 of 2 cents per share. This will be the first interim dividend paid since April 2014. The Directors have determined the dividend payable based on the Company’s liquidity profile over the next financial year and are pleased to be in a position to announce further dividends following the full year dividend paid in November 2018. The dividend will be fully franked and will be paid on 8 May 2019.

Significant Events after Period End

Other than the acquisition of RCR MT referred to in the Outlook statement above, no other matters or circumstances have arisen since the end of the interim reporting period.

Auditor’s Independence Declaration

The Directors received the Auditor’s Independence Declaration from the auditor of the Company, which is included on page 11 of the interim financial report.

Rounding of Amounts

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

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

On behalf of the Directors

Julian Pemberton
Chief Executive Officer
Dated this 19 February 2019

Michael Arnett
Chairman

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Brookfield Place, Tower 2
123 St Georges Terrace
Perth, WA, 6000
Australia

Phone: +61 8 9365 7000
www.deloitte.com.au

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

19 February 2019

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 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

AT Richards
Partner
Chartered Accountants

Directors' declaration

The Directors of the Company declare that:

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

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

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

On behalf of the Directors

Julian Pemberton	**Michael Arnett**
Chief Executive Officer Dated this 19 February 2019	Chairman

Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	Notes	Consolidated Half-year ended 31 December 2018 $'000	Consolidated Half-year ended 31 December 2017 $'000
Revenue	4	494,041	312,734
Finance income		380	286
Finance costs		(4,481)	(3,462)
Share of profit / (loss) from associates		328	(524)
Materials and consumables		(97,978)	(51,253)
Employee benefits expense		(131,188)	(90,069)
Subcontractor costs		(117,355)	(79,818)
Depreciation and amortisation expenses		(29,930)	(21,968)
Plant and equipment costs		(68,908)	(49,337)
Other expenses		(4,621)	(3,974)
Profit before income tax		40,288	12,615
Income tax (expense) / benefit	5	(12,086)	2,734
Total comprehensive income		**28,202**	**15,349**
Profit attributable to:			
Equity holders of the Company		28,202	15,349
Total comprehensive income attributable to:			
Equity holders of the Company		28,202	15,349
Earnings per share (cents per share)			
Basic earnings per share		7.6	4.3
Diluted earnings per share		7.5	4.3

Condensed consolidated statement of financial position
As at 31 December 2018

	Notes	Consolidated Half-year ended 31 December 2018 $'000	Consolidated Full-year ended 30 June 2018 $'000
Assets			
Current assets			
Cash and cash equivalents		82,687	58,846
Trade and other receivables		123,139	120,699
Inventories		26,387	22,477
Other current assets		2,866	4,591
Total current assets		**235,079**	**206,613**
Non-current assets			
Property, plant and equipment	6	214,694	209,503
Intangible assets	7	13,458	19,785
Goodwill	8	40,103	40,103
Investments in associates		5,064	4,736
Deferred tax assets		26,932	39,447
Total non-current assets		**300,251**	**313,574**
Total assets		**535,330**	**520,187**
Liabilities			
Current liabilities			
Trade and other payables		117,149	127,730
Borrowings	9	41,059	36,921
Current tax liabilities		-	1,218
Provisions		23,434	20,166
Total current liabilities		**181,642**	**186,035**
Non-current liabilities			
Borrowings	9	54,419	56,291
Provisions		5,028	5,218
Total non-current liabilities		**59,447**	**61,509**
Total liabilities		**241,089**	**247,544**
Net assets		**294,241**	**272,643**
Equity			
Contributed equity	10	206,126	206,126
Reserves	11	6,168	5,341
Retained earnings	12	81,947	61,176
Total equity		**294,241**	**272,643**

Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2018

	Contributed equity $'000	Foreign currency translation reserve $'000	Share based payment reserve $'000	Retained earnings/ (Accumulated losses) $'000	Total Equity $'000
Balance at 1 July 2017	**176,901**	**(208)**	**3,370**	**19,010**	**199,073**
Profit for the period	-	-	-	15,349	15,349
Total comprehensive income for the period	**-**	**-**	**-**	**15,349**	**15,349**
Issue of ordinary shares under institutional share placement	25,024	-	-	-	25,024
Issue of ordinary shares under share purchase plan	5,000	-	-	-	5,000
Share issue costs net of tax	(820)	-	-	-	(820)
Share based payment expense	-	-	1,000	-	1,000
Balance at 31 December 2017	**206,105**	**(208)**	**4,370**	**34,359**	**244,626**
Balance at 1 July 2018	**206,126**	**(208)**	**5,549**	**61,176**	**272,643**
Profit for the period	-	-	-	28,202	28,202
Total comprehensive income for the period	**-**	**-**	**-**	**28,202**	**28,202**
Share based payment expense	-	-	827	-	827
Payment of dividends	-	-	-	(7,431)	(7,431)
Balance at 31 December 2018	**206,126**	**(208)**	**6,376**	**81,947**	**294,241**

Condensed consolidated statement of cash flows
For the half-year ended 31 December 2018

	Notes	Consolidated Half-year ended 31 December 2018 $'000	Consolidated Half-year ended 31 December 2017 $'000
Cash flows from operating activities			
Cash receipts from customers		540,574	342,059
Cash paid to suppliers and employees		(477,611)	(307,012)
Interest paid		(4,481)	(3,462)
Interest received		380	286
Income tax paid		(793)	(395)
Net cash provided by operating activities	13	**58,069**	**31,476**
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		407	197
Acquisition of property, plant and equipment		(29,471)	(15,236)
Payment for business acquired	14	-	(71,904)
Net cash used in investing activities		**(29,064)**	**(86,943)**
Cash flows from financing activities			
Proceeds from issues of equity instruments of the Company		-	30,024
Payment for share issue costs		-	(1,172)
Proceeds from borrowings		62,329	53,072
Repayment of borrowings and finance/hire purchase liabilities		(60,062)	(15,756)
Payment of dividends to shareholders		(7,431)	-
Net cash (used in) / provided by financing activities		**(5,164)**	**66,168**
Net increase in cash and cash equivalents		**23,841**	**10,701**
Cash and cash equivalents at beginning of the period		**58,846**	**42,264**
Cash and cash equivalents at the end of the period		**82,687**	**52,965**

Notes to the condensed consolidated financial statements are included on pages 17 to 31.

Notes to the consolidated financial statements

1. Significant accounting policies

Statement of compliance

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

Basis of preparation

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

The 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 2018 annual financial report for the financial year ended 30 June 2018, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

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

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

AASB 15 Revenue from Contracts with Customers

The new standard has been applied from 1 July 2018 replacing *AASB 118 Revenue and AASB 111 Construction Contracts* and establishes a comprehensive framework for determining the timing and quantum of revenue recognised. The main premise of the new standard is that an entity shall recognise revenue when control of a good or service transfers to a customer. Under AASB 15, the transaction price is required to be allocated to each performance obligation and recognised as revenue as the performance obligations are satisfied, which can be at a point in time, or over time.

As stated in the Group's 2018 annual financial report, the group commenced a coordinated review of the potential impacts of the new standard on the Group's results and disclosures. The Groups conclusions at that time, summarised here, was that the implementation of AASB 15 would not have a material impact on revenue.

The Group has elected to implement AASB 15 using the cumulative effect method, with the effect of applying this standard recognised at the date of initial application (i.e. 1 July 2018). However, as a result of the coordinated review of the potential impacts of the new standard, the Company has not recorded any adjustment to the opening balance of the Group's equity. The implementation of AASB 15 has not had a material impact on the Group's revenue recognition. The comparative information provided continues to be accounted for in accordance with the Group's previous accounting policies outlined in the Group's 2018 annual financial report.

Revenue recognition

Revenue is recognised when control of a good or service transfers to a customer. Allocation of the transaction price is made proportionately based on stand alone selling prices of the performance obligations to each of the separately identified performance obligations under the contract. The amount allocated to the performance obligation is recognised as revenue at a point in time, or over time, depending on the various service offerings described below.

Where certain contractual items include additional services, these are considered as distinct performance obligations, for example, post-completion maintenance services or provisional sums. Revenue is recognised on these additional services when approved by the customer and all relevant conditions have been met.

The Group's contracts with customers usually specify the price of each contractual item (detailed in the contract), which is typically representative of the price at which the Group will sell that individual good or service to a customer.

Further information on the application of AASB 15 on the three major activities of the group, "Construction contracts", "Mining and Drill & Blast Services", and "Services" is provided below.

Construction contracts
The Group derives revenue from the construction and delivery of resource projects and public sector infrastructure projects across Australia. The performance obligation is usually the entire project, as provided for in the contract, given that the different services are highly interdependent and integrated and are aimed at transferring the project to the customer as a whole, representing the combined output for which the customer has contracted.

Revenue is recognised over time as an asset is created by the group that the customer controls. In cases where the Group does not create an asset with an alternative use other than sale to the customer, and where the Group has the right to collect the consideration for the services over the contract term, revenue is also recognised.

Revenue is calculated based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group considers that this input method (e.g. costs incurred) is an appropriate measure of the progress towards completion of the contractual performance obligations under AASB 15.

Mining and Drill & Blast services
The Group generates revenue from the provision of mining services, including mine development, contract mining, waste stripping, ore haulage and rehabilitation. The Group also provides drilling and blasting services to the mining and civil infrastructure sectors.

Revenue from mining services contracts and drill and blast services contracts is predominantly recognised on the basis of the value of work completed. Customer contracts are generally based on schedule of rates for each of the activities performed which identify value for the work performed and hence the value of revenue to be recognised.

Services revenue
The Group performs maintenance and other services for a variety of different industries. Contracts entered into can cover servicing of related assets which may involve various different services. Each service is deemed to be a separate performance obligation. The transaction price is allocated to each performance obligation based on contracted prices. Revenue from services contracts is predominantly recognised on the basis of the value of work completed.

Transaction price and contract modifications
The transaction price is the amount of consideration to which the company expects to be entitled to under the customer contract and which is used to value total revenue and is allocated to each performance obligation. The determination of this amount includes both “fixed consideration”, (for example the agreed lump sum, aggregated schedule of rates or pricing for services) and “variable consideration”.

The main variable consideration elements are claims (contract modifications) and consideration for optional works and provisional sums each of which need to be assessed. Contract modifications are changes to the contract approved by the parties to the contract. When determining whether approval has been granted by the parties to the contract, the Group takes into consideration factors including, but are not limited to, contract terms, customary business practices, the negotiation process that has been undertaken, the ability to enforce the other party and expert legal opinion.

A contract modification may exist even though the parties to the contract may not have finalised the scope or price (or both) of the modification. Contract modifications may include a claim, which is an amount that the contractor seeks to collect as reimbursement for costs incurred (and/or to be incurred) due to reasons or events that could not be foreseen and are not attributable to the contractor, for more work performed (and/or to be performed) or variations that were not formalised in the contract scope.

The right to the consideration shall be provided for contractually generating an enforceable right. Once the enforceable right has been identified, the Group applies the guidance given in AASB 15 in relation to variable consideration. This requires an assessment that it is highly probable that there will not be a significant reversal of revenue in the future.

The measurement of the additional consideration arising from claims is subject to a high level of uncertainty, both in terms of the amounts that the customer will pay and the collection times, which usually depend on the outcome of negotiations between the parties or decisions taken by judicial/arbitration bodies.

The Group considers all the relevant aspects and circumstances such as the contract terms, business and negotiating practices of the sector, the Group’s historical experiences with similar contracts and consideration of those factors that affect the variable consideration that are out of the control of the Group or other supporting evidence when making the above decision.

Costs to obtain and fulfil a contract

Costs incurred prior to the commencement of a contract which may include incremental tender costs for example and are expected to be recovered over the duration of the contract are capitalised and amortised over the course of the contract consistent with the transfer of service to the customer.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer represents a financing component. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Loss making contracts

A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue. The provision is recognised in full in the period in which the loss making contracts are identified.

Equity-accounted joint ventures

The Salini Impregilo NRW Joint Venture (SI-NRW JV) is accounted for as an equity method joint venture. The book carrying value of the Group's investment in SI-NRW JV reflects the Group's share of SI-NRW JV's net profit, including SI-NRW JV's recognition of revenue. SI-NRW JV adopted AASB 15 for the reporting period beginning 1 January 2018. NRW's share of profits from SI-NRW JV represents NRW management's best measurement of profit recognised post adoption of AASB15. In determining the level of profit to recognise on the project NRW also refers to an agreement with Salini Impregilo which caps the total amount of profit that NRW can recognise on the project (being $19 million) and the maximum loss which NRW can sustain on the project (being $8 million). NRW does not expect either cap to apply.

AASB 9 Financial Instruments

This standard has been applied from 1 July 2018 and replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment on financial assets, and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from AASB 139.

Non-derivative financial assets

i. Classification

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and

- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in trade and other financial assets, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

ii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Measurement of cash and cash equivalents and trade and other receivables remains at amortised cost consistent with the comparative period.

Trade and other financial assets
Subsequent measurement of trade and other financial assets depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its trade and other financial assets :

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on trade and other financial assets that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Changes in the fair value of financial assets at FVPL are recognised in other expenses in the statement of profit or loss as applicable.

iii. Impairment
The Group assesses on a forward looking basis the expected credit losses associated with its trade and other financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, contract debtors and lease receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Non-derivative financial liabilities

i. Interest bearing liabilities
All loans and borrowings are initially recognised at fair value, being the amount received less attributable transaction costs. After initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

ii. Trade and other payables
Liabilities are recognised for amounts to be paid for goods or services received. Trade payables are settled on normal commercial terms.

Other standards and interpretations
The adoption of the below has not had any material impact on the disclosures or the amounts reported in these financial statements.

AASB 2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
AASB 2017-5	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

Standards and interpreations in issue not yet adopted
The following new or amended standards issued by the AASB are relevant to current operations and may impact the Group in the period of initial application. They are available for early adoption but have not been applied in preparing this financial report.

AASB 16 Leases
The Group continues to monitor and quantify the effect of the new standard with each change to its leasing portfolio and any subsequent lease modifications. The anticipated effects to the Group's financial statements and disclosures are outlined in the Company's 2018 annual financial report.

2. Critical accounting judgments and key sources of estimation uncertainty

Business Combination

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share Based Payment' at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Noncurrent Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with AASB 9, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

Intangibles

Goodwill

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

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

Brand Names

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

Customer relationships

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

Software

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

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The effective lives are based on intended utilisation and working conditions.

Taxation

Income taxes are paid in the jurisdictions where the Group operates, predominantly Australia. Significant judgement is involved in applying the tax rules and regulations relevant in deriving the final provision for income tax. If in subsequent periods matters arise that cause the final tax outcome to vary to the reported carrying amounts, such differences will alter the deferred tax balances in the period the change is identified.

The recoverability of the Groups deferred tax balances are recognised only when the Group considers it is probable that future taxable amounts will be derived to utilise those losses and associated deferred tax benefits. A net deferred tax asset of $26.9 million has been recognised on the face of the Consolidated Statement of Financial Position. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is adjusted to recognise the estimated value of future tax liabilities likely to arise based on risk assessed forecasts.

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).

3. Segment Information

Reportable segments

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

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.

Segment revenues and profit

	Consolidated half-year ended 31 December 2018 $'000			Consolidated half-year ended 31 December 2017 $'000		
	Revenue	**Earnings**	**EBITDA[1]**	**Revenue**	**Earnings**	**EBITDA[1]**
Civil	163,759	11,845	12,799	161,148	7,789	9,729
Mining	310,058	40,523	59,786	133,072	13,453	25,413
Drill and Blast	63,913	150	3,503	56,069	1,658	4,858
Inter-segment eliminations	(16,623)	-	-	(5,029)	-	-
Unallocated costs	-	(5,248)	(4,456)	-	(2,284)	(1,585)
Interest costs in segment results above	-	2,687	2,687	-	1,900	1,900
Group revenue inc. Associates/ Normalised EBIT/EBITDA[2]	**521,107**	**49,957**	**74,319**	**345,260**	**22,516**	**40,315**
Share of revenue from equity accounted associates	(27,066)	-		(32,526)	-	
Amortisation[3]	-	(5,568)		-	(4,191)	
Transaction costs[4]	-	-		-	(2,534)	
Revenue and earnings before interest and tax	**494,041**	**44,389**		**312,734**	**15,791**	
Net finance costs	-	(4,101)		-	(3,176)	
Income tax (expense)/benefit	-	(12,086)		-	2,734	
Total statutory revenue/ Total comprehensive income[5]	**494,041**	**28,202**		**312,734**	**15,349**	

(1) EBITDA is earnings before interest, tax, depreciation, amortisation and transaction costs. EBITDA includes share of profits from associates.
(2) Revenue including associates. Earnings including those attributable to associates before interest, tax, amortisation of acquisition intangibles and transaction costs.
(3) Amortisation of Golding acquisition intangibles.
(4) Transaction costs include legal costs associated with the acquisition of Golding (FY18).
(5) Total is Statutory Revenue and Total Comprehensive Income.

4. Revenue

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

	Consolidated half-year ended 31 December 2018 $'000	Consolidated half-year ended 31 December 2017 $'000
Revenue – Group and equity accounted joint ventures	521,107	345,260
Equity accounted joint ventures	(27,066)	(32,526)
Revenue	**494,041**	**312,734**

5. Taxation

A reconciliation of tax expense applicable to accounting profit before tax at the statutory income tax rate to tax expense at the Group's effective tax rate for the periods ended 31 December 2018 and 2017 is provided below.

	Consolidated half-year ended 31 December 2018 $'000	Consolidated half-year ended 31 December 2017 $'000
Accounting profit before tax	40,288	12,615
At the statutory income tax rate of 30% (2017: 30%)	**12,086**	**3,785**
Adjustment relating to prior period	-	2,042
Previously unrecognised deferred tax assets	-	(8,561)
Income tax expense / (benefit)	**12,086**	**(2,734)**

6. Property, plant and equipment

Property, plant and equipment held by the Group include:

COST	Land	Buildings	Leasehold improvements	Plant & equipment	Total
Balance as at 30 June 2017	**3,218**	**6,514**	**1,431**	**502,974**	**514,137**
Acquisitions through business combinations	-	-	325	27,844	28,169
Additions	-	218	-	45,753	45,971
Disposals	-	-	(76)	(21,475)	(21,551)
Balance as at 30 June 2018	**3,218**	**6,732**	**1,680**	**555,096**	**566,726**
Additions	-	-	-	29,471	29,471
Disposals	-	-	-	(7,812)	(7,812)
Balance as at 31 December 2018	**3,218**	**6,732**	**1,680**	**576,755**	**588,385**
DEPRECIATION					
Balance as at 30 June 2017	**1,000**	**4,969**	**1,431**	**332,656**	**340,055**
Depreciation expense	-	284	122	36,684	37,090
Disposals	-	-	(66)	(19,857)	(19,923)
Balance as at 30 June 2018	**1,000**	**5,253**	**1,487**	**349,483**	**357,223**
Depreciation expense	-	130	11	23,463	23,604
Disposals	-	-	-	(7,136)	(7,136)
Balance as at 31 December 2018	**1,000**	**5,383**	**1,498**	**365,810**	**373,691**
CARRYING VALUE					
At 30 June 2018	**2,218**	**1,479**	**193**	**205,613**	**209,503**
At 31 December 2018	**2,218**	**1,349**	**182**	**210,945**	**214,694**

7. Intangibles

Intangibles held by the Group include:

COST	Software & Systems	Licences	Brand Name	Customer Relationships	Total
Balance as at 30 June 2017	**19,813**	**1,453**	**-**	**-**	**21,267**
Assets recognised on business combinations	1,329	-	8,916	18,892	29,137
Balance as at 30 June 2018	**21,142**	**1,453**	**8,916**	**18,892**	**50,404**
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance as at 31 December 2018	**21,142**	**1,453**	**8,916**	**18,892**	**50,404**
AMORTISATION					
Balance as at 30 June 2017	**18,059**	**1,445**	**-**	**-**	**19,504**
Amortisation expense	1,495	5	-	9,615	11,115
Balance as at 30 June 2018	**19,554**	**1,450**	**-**	**9,615**	**30,619**
Amortisation expense	756	2	-	5,568	6,326
Balance as at 31 December 2018	**20,310**	**1,452**	**-**	**15,183**	**36,945**
CARRYING VALUE					
At 30 June 2018	**1,589**	**3**	**8,916**	**9,277**	**19,785**
At 31 December 2018	**832**	**1**	**8,916**	**3,709**	**13,458**

8. Goodwill

	Consolidated half-year ended 31 December 2018 $'000	Consolidated full-year ended 30 June 2018 $'000
Gross carrying amount		
Balance at beginning of the period	40,103	-
Amounts recognised from business combinations occurring during the period	-	40,103
Balance at end of the period	**40,103**	**40,103**

9. Borrowings

On 18 December 2018 the Company secured $37 million financing from Bankwest which, along with funds in the Company, were used to repay the Corporate Notes on 19 December 2018. The terms of the Corporate Notes provided for an early repayment at a 2% premium to the outstanding balance after 2 years. The new debt facility is fully repayable over 2 years on a quarterly basis with interest payable at a variable rate linked to the prevailing 90-day BBSY rate at the commencement of each quarter.

During the previous financial year, the Company agreed a $48 million debt facility with Bankwest to be used to finance the acquisition of Golding. The debt is fully repayable over 3 years on a quarterly basis with interest payable at a variable rate linked to the prevailing 90-day BBSY rate at the commencement of each quarter. This facility is secured over the assets of Golding Group.

Various financial institutions provide the Group with fixed interest rate finance leases, secured by the underlying assets financed.

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

Group borrowings

	Consolidated half-year ended 31 December 2018 $'000	Consolidated full-year ended 30 June 2018 $'000
SECURED AT AMORTISED COST		
Current		
Bankwest loan	18,571	-
Corporate notes	-	17,543
Golding acquisition loan(1)	16,149	16,164
Finance lease liability	5,522	2,554
Other	817	660
Total current borrowings	**41,059**	**36,921**
Non-current		
Bankwest loan	18,500	-
Corporate notes	-	28,713
Golding acquisition loan(1)	20,000	20,000
Finance lease liability	15,919	7,578
Total non-current borrowings	**54,419**	**56,291**
GROUP TOTAL BORROWINGS	**95,478**	**93,212**

(1) Movement in the six months to 31 December 2018 includes scheduled repayments of $8.0 million and facility redraw of $8.0 million.

Banking facilities

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

Consolidated banking facilities as at 31 December 2018:

	Face Vale (limit) $'000	Carrying Amount (utilised) $'000	Unutilised Amount $'000
Bankwest loan	37,071	37,071	-
Golding acquisition loan	36,149	36,149	-
Asset financing	21,441	21,441	-
Other	817	817	-
Guarantees and insurance bonds	155,000	47,594	107,406

Consolidated banking facilities as at 30 June 2018:

	Face Vale (limit) $'000	Carrying Amount (utilised) $'000	Unutilised Amount $'000
Corporate notes	46,256	46,256	-
Golding acquisition loan	36,164	36,164	-
Asset financing	10,132	10,132	-
Other	660	660	-
Guarantees and insurance bonds	155,000	34,750	120,250

10. Contributed equity

Ordinary shares	**No.**	**Consolidated half-year ended 31 December 2018 $'000**	**No.**	**Consolidated full-year ended 30 June 2018 $'000**
Balance at the beginning of the period	370,618,080	206,126	321,775,556	176,901
Capital raising at $0.68 share	-	-	36,800,000	25,024
Share issue under SPP at $0.68 share	-	-	7,352,941	5,000
Issue of shares to executives under Performance Rights Plan	5,262,653	-	4,689,583	-
Share issue costs	-	-	-	(1,142)
Income tax related to share issue costs	-	-	-	343
Balance at the end of the period	**375,880,733**	**206,126**	**370,618,080**	**206,126**

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

The Company has on issue a total of 375,891,525 (June 2018: 370,628,872) ordinary shares, of which 10,792 (June 2018: 10,792) shares were held by subsidiairies of the Company and eliminated on consolidation.

11. Reserves

	Consolidated half-year ended 31 December 2018 $'000	Consolidated full-year ended 30 June 2018 $'000
Share based payment reserve		
Balance at the beginning of the financial year	5,549	3,370
Share based payment expense	827	2,179
Balance at the end of the half-year	**6,376**	**5,549**
Foreign currency translation reserve	(208)	(208)
Total reserves	**6,168**	**5,341**

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.

12. Retained earnings

	Notes	Consolidated half-year ended 31 December 2018 '000's	Consolidated full-year ended 30 June 2018 '000's
Balance at the beginning of the period		61,176	19,010
Net profit attributable to members of the parent entity		28,202	42,166
Dividends paid	15	(7,431)	-
Balance at the end of the period		**81,947**	**61,176**

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

	Consolidated half-year ended 31 December 2018 $'000	Consolidated half-year ended 31 December 2017 $'000
Profit before income tax	40,288	12,615
Depreciation and amortisation expenses	29,930	21,968
Transaction costs	-	2,534
Net finance costs	4,101	3,176
Normalised EBITDA	**74,319**	**40,293**
Transaction costs	-	(2,534)
Net finance costs	(4,101)	(3,176)
Net cash generated before movement in working capital	**70,218**	**34,583**
Net working capital movement	(12,149)	(3,107)
Net cash from operating activities	**58,069**	**31,476**

14. Business acquisition

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

The principal activities of Golding include:

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

Acquisition related costs amounting to $2.8 million have been excluded from the consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss for the year ended 30 June 2018.

Fair value of assets acquired and liabilities assumed at the date of the acquisition

Assets	**$'000**
Current assets	
Cash and cash equivalents	13,096
Trade and other receivables	32,719
Inventories	2,209
Other current assets	723
Total current assets	**48,747**
Non-current assets	
Property, plant and equipment	28,169
Intangibles	29,137
Total non-current assets	**57,306**
Total assets	**106,053**
Liabilities	
Current liabilities	
Trade and other payables	37,527
Borrowings	2,358
Current tax liabilities	1,612
Provisions	6,978
Total current liabilities	**48,475**
Non-current liabilities	
Provisions	9,420
Deferred tax liability	3,261
Total non-current liabilities	**12,681**
Total liabilities	**61,156**
Net assets acquired	**44,897**

Goodwill arising on acquisition

	$'000
Consideration paid in cash	85,000
Less fair value of identifiable net assets acquired	(44,897)
Goodwill arising on acquisition	**40,103**

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

Net cash outflow on acquisition

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

15. Dividends

During the period, NRW Holdings Limited made the following dividend payment.

Fully paid ordinary shares	***Cents per share***	**Consolidated half-year ended 31 December 2018** ***$'000***	***Cents per share***	**Consolidated half-year ended 31 December 2017** ***$'000***
Final dividend	2.0	7,431	-	-

The Directors have declared an interim dividend for the half year ended 31 December 2018 of 2 cents per share.

16. Subsequent events

On 31 January 2019, the Company entered into an agreement with the Administrators' of RCR Tomlinson Limited to acquire the assets of RCR MT.

The business acquisition was completed on 14 February 2019 for a total purchase consideration of $10 million which was funded from the Group's existing cash reserves.

The Group assumed various property leases, together with the requisite property, plant and equipment, inventories, and intangible assets in order to continue to run the RCR MT businesses. Intangible assets include intellectual property across a range of products and processes, patents, licences and the RCR brand. The Group also assumed the relevant RCR MT workforce and their current employment entitlements.

Work is progressing to determine the fair value of the assets and liabilities acquired and the final distribution of the purchase consideration in the balance sheet. The final recognition and measurement is expected to be concluded before completion of the 30 June 2019 full year accounts.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Brookfield Place, Tower 2
123 St Georges Terrace
Perth, WA, 6000
Australia

Phone: +61 8 9365 7000
www.deloitte.com.au

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of NRW Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2018, consolidated statement of profit and loss and comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 12 to 31.

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 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NRW Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Deloitte.

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 2018 and of its performance for the half-year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants
Perth, 19 February 2019