NRW Holdings

NRW HOLDINGS LIMITED (ASX: NWH)

ABN 95 118 300 217

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2020

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APPENDIX
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RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half-year ended 31 December 2020

		Consolidated	
	% Change up / (down)	**6 months to 31 December 2020**	**6 months to 31 December 2019**
		$'000	$'000
Revenues from ordinary activities	45.19	1,137,698	783,607
Profit from ordinary activities after tax attributable to members	(13.11)	29,042	33,424
Total Comprehensive Income	(13.11)	29,042	33,424
INTERIM DIVIDEND			
Date dividend is payable		8 April 2021	15 April 2020
Record date to determine entitlements to dividend		23 March 2021	30 March 2020
Interim dividend payable per security (cents)		4.0	2.5
Franked amount of dividend per security (cents)		4.0	2.5
RATIOS AND OTHER MEASURES			
Net tangible asset backing per ordinary security		$0.87	$0.72

Commentary on the Results for the half-year

A commentary for the results for the period is contained in the statutory financial report dated 17 February 2021.

Status of Accounts

This statutory financial report is based on accounts that have been subject to a review.

NRW Holdings Limited - ACN 118 300 217

CORPORATE
REGISTRY

Directors	Michael Arnett – Chairman and Non-Executive Director Julian Pemberton – Chief Executive Officer and Managing Director Jeff Dowling – Non-Executive Director Peter Johnston – Non-Executive Director Fiona Murdoch – 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 Place123 St Georges Terrace Perth WA 6000
Share Registry	Link Market Services Level 12, QV1 Building 250 St Georges Terrace Perth WA 6000 Telephone: +61 1300 554 474 Facsimile: +61 2 9287 0303
ASX Code	NWH – NRW Holdings Limited Fully Paid Ordinary Shares
Web Page	www.nrw.com.au

DIRECTORS' REPORT

The Directors present their report together with the financial report of NRW Holdings Limited ("the Company") and its subsidiaries ("the Group") for the half-year ended 31 December 2020. 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 and 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 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.
Fiona Murdoch	Non-Executive Director	Ms Murdoch was appointed as a Director on 24 February 2020.

COMPANY SECRETARY

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

PRINCIPAL ACTIVITIES

NRW is a leading, diversified provider of contract services to the resources and infrastructure sectors in Australia. With extensive operations in Western Australia, South Australia, New South Wales, Northern Territory and Queensland. NRW's geographical diversification is complemented by its delivery of a wide range of operations. These encompass civil expertise including bulk earthworks and concrete installation; contract mining and drill and blast. NRW also offers a leading original equipment manufacturing (OEM), specialist maintenance (shutdown services and onsite maintenance), industrial engineering and innovative materials handling design capability with comprehensive additional experience for refurbishment and rebuild service for earthmoving equipment and machinery. NRW has a workforce of around 7,000 people and more than one hundred projects around Australia supporting clients across the infrastructure, resources, industrial engineering, maintenance and urban sectors.

Refer to Operating and Financial Review section for further detail on the operations of each business division and the Group.

OPERATING AND FINANCIAL REVIEW

FINANCIAL PERFORMANCE

NRW reported revenues including revenue generated by associates of $1,168.0M (statutory revenue of $1,137.7M) compared to $808.7M (statutory revenue $783.6M) in the prior comparative period (pcp). The pcp results reflect one month of BGC Contracting acquired in December 2019 compared to six months of trading in the current period. Revenue increase reflects both the BGC Contracting acquisition and continued organic growth across the business.

Group EBITDA (earnings before interest, tax, depreciation, amortisation and non-recurring transactions) totalled $132.8M, an increase of 14% over the prior comparative period of $116.4M. Operating EBIT, as below, was lower than the pcp due to the impact of COVID-19 on projects mostly located in the Pilbara region of Western Australia, (more detail is provided in the Civil and Mining commentaries below). Amortisation of acquisition intangibles increased due to the BGC Contracting acquisition. Non-recurring transactions include Gascoyne Resources recapitalisation and the impact of the cessation of activities at Altura, (see non-recurring transactions section for details).

Normalised Net Earnings (NPATN) totaled $37.0M compared to $41.2M in the pcp reflecting the challenging operating environment as a result of COVID-19 measures.

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

	FH FY21		FH FY20	
	Revenue	Earnings	Revenue	Earnings
	$M	$M	$M	$M
Total Revenue / EBITDA	**1,168.0**	**132.8**	**808.7**	**116.4**
Revenue from Associates	(30.3)		(25.1)	
Depreciation		(73.8)		(50.9)
Operating EBIT		**59.0**		**65.5**
Amortisation of Acquisition Intangibles		(9.0)		(4.0)
Non-recurring transactions(1)		(3.4)		(8.7)
EBIT		**46.6**		**52.8**
Interest		(6.3)		(6.7)
Profit before income tax		**40.3**		**46.1**
Tax		(11.3)		(12.7)
Statutory Revenue / Net earnings	**1,137.7**	**29.0**	**783.6**	**33.4**
NPATN(2)		**37.0**		**41.2**

(1) Refer to non-recurring transactions section of the Directors' Report for further details.

(2) NPATN – earnings before amortisation of acquisition intangibles and non-recurring transactions at 30% tax rate.

DIRECTORS'
REPORT CONTINUED

OPERATING SEGMENTS

NRW reports its operations in four segments Civil, Mining, Drill & Blast and Minerals, Energy & Technologies:

- **Civil**: Delivery of private and public civil infrastructure projects, mine development, bulk earthworks and commercial and residential subdivisions.
- **Mining**: Mine management, contract mining, load and haul, dragline operations, coal handling prep plants, maintenance services and the fabrication of water and service vehicles.
- **Drill & Blast**: Provision of integrated, end-to-end production drill and blast services to the mining and civil construction sectors.
- **Minerals, Energy & Technologies**: Provides integrated engineering specialising in the design, construction and operation of resource projects, innovative materials handling products and services as well as facility maintenance and shutdown services.

The performance of the four operating segments 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, airstrips, ports, water infrastructure and concrete installations.

Revenue increased 52% to $464.9M compared to $305.0M in the pcp. The activity increase was mostly due to the addition of NRW Contracting projects. Notable project completions in the half included practical completion and handover of first 20km of Eliwana rail and completion of both Pacific Highway W2B projects. The Eliwana project was one of the most operationally challenging rail bulk earthworks projects undertaken in recent times in the Pilbara, with the rail operation running east-west across the Hamersley range. Golding commenced the initial W2B project in 2015 adding a further project through the acquisition of BGC Contracting.

Margin (EBIT) increased from $10.3M to $12.4M, although margin percentages were lower due to the continued impact of COVID-19 on employment cost escalation and productivity which particularly affected West Australian Pilbara projects and to a lesser extent our South Australian civil projects.

Some costs related to the impact of COVID-19 have been recovered from clients, but it is difficult to recover or even quantify the full cost which includes the effects of significantly higher staff turnover, a restricted workforce (no interstate or international resource) and a different labour pool (less experienced resource impacting productivity). These challenges are expected to continue throughout the second half, particularly whilst state and international borders remain closed and very high levels of activity across the resources and public infrastructure sector remain. Overall incremental costs incurred related to COVID-19 have been assessed at $50M.

MINING

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

Revenue increased to $547.8M from $375.0M in the pcp. The 46% increase in activity is mostly due to the addition of NRW Contracting projects. Given the material impact of the BGC Contracting acquisition a comparison to the second half of FY20 is more meaningful. Activity was slightly lower than the second half FY20 due to the completion of the Ramone project and cessation of activities at Altura following an appointment of receivers (see non-recurring transactions section for further details). Activity levels on all continuing projects in Coal, Gold and Iron Ore were similar to the second half of FY20.

Margin (EBITDA) increased to $97.4M compared to $84.5M in the pcp. Again, the second half of FY20 provides a more relevant comparison. The EBITDA margin (17.8%) was lower than the second half of last year (20.0%). East Coast earnings performance was in line with expectations. Pilbara projects (WA) were significantly impacted by COVID-19 related costs, (similar to civil WA projects as above: productivity, employment costs and resource availability). Overall incremental costs incurred related to COVID-19 have been assessed at $20M. One major project accounts for the margin impact.

One-off costs associated with the cessation of the Altura project are included in non-recurring transactions.

DIRECTORS'
REPORT CONTINUED

DRILL & BLAST

The Drill & Blast business provides integrated, end-to-end production drill and blast services to the mining and civil construction sectors across Australia.

Revenue at $87.7M was up 10% on the first half of FY20 ($79.5M). Revenue growth was driven by a full half contribution from projects won in the prior period, and in support of the NRW Mining business commencing operations at Nathan River. Extensions were also secured at Callide, Jellinbah, Dalgaranga and Greenbushes.

Margin (EBITDA) continued to improve to $11.5M (13.1%) compared to $9.3M (11.8%) in first half of FY20. Higher margins were the consequence of ongoing cost initiatives, including improved equipment availability and utilisation.

MINERALS, ENERGY & TECHNOLOGIES

The Minerals, Energy & Technologies business includes RCR Mining Technologies (RCRMT) which is a leading original equipment manufacturer (OEM) that offers innovative materials handling design capability, and DIAB Engineering which has proven capabilities in the metals and mining industry and provides specialist maintenance (shutdown services and onsite maintenance), industrial engineering and fabrication services.

Revenue increased 60% to $118.3M compared to $74.1M in first half FY20. The increase reflects higher underlying activity in RCRMT and the inclusion of DIAB. During the first half, RCRMT delivered 15 major pieces of OEM equipment from our Bunbury operations to all the major mining projects. Activity also included the successful delivery of HOP9 for Fortescue Metals Group. A large fabrication 2,000 tonnes project is nearing completion for Newmont Tanami which has utilised all three workshops in Bunbury, Welshpool and DIAB Geraldton.

Margin (EBIT) at 10% significantly higher than first half of FY20 as business continues to grow and perform strongly. A large part of the business workforce are employed on dedicated company facilities at Bunbury, Welshpool and Geraldton. Consequently, whilst the business has experienced some difficulties in attracting and retaining remote site workforce (primarily for Pilbara projects) the 'fixed' nature of the workforce has resulted in a significantly lower impact due to COVID-19 issues than other parts of the WA businesses.

NON RECURRING TRANSACTIONS

	FH FY21 $M	FH FY20 $M
Altura	(19.1)	-
Gascoyne recapitalisation	16.5	-
Primero transaction costs	(0.8)	-
NRW Contracting transaction costs	-	(8.7)
Total	**(3.4)**	**(8.7)**

Gascoyne Resources

The half-year results include the operating activities (Mining and Drill & Blast) for Gascoyne Resources' (ASX:GCY) Dalgaranga project in the Mining segment result above. The recapitalisation of GCY which was foreshadowed in the FY20 results commentary was finalised in October 2020. As part of the recapitalisation structure NRW negotiated recovery of pre-administration amounts owed in the form of a $7M cash payment, $12M in GCY shares and a structure to recover the balance of amounts owed through successful gold production. The first two stages of that agreement have been recognised in these accounts (net of costs). In addition, shares held prior to administration and previously expensed in FY19 have been recognised at the prevailing share price at the balance sheet data (refer to note 8 for further details).

Altura

NRW was awarded the mining contract for Altura Mining (ASX: AJM) in early 2017. AJM experienced significant liquidity issues as a consequence of depressed world lithium pricing. Despite the likelihood of a successful recapitalisation which would have seen NRW debt repaid and the continuation of mining activities, AJM note holders appointed receivers in October 2020. Given the nature and structure of the agreement reached, NRW is unlikely to recover any amounts owed which include debts owing at the time the receivership (advised through an ASX announcement on 27 October 2020 at $9M net of tax equivalent to $13.5M), work completed but not billed and demobilisation of equipment and staff from the Altura site all of which totaled $19.1M.

Primero

Costs associated with the acquisition of Primero include those normal to a transaction of this type.

BALANCE SHEET, OPERATING CASH FLOW AND CAPITAL EXPENDITURE

A summary of the balance sheet as at the end of the current financial period and the previous financial year is provided below.

	31 Dec 20 $M	30 Jun 20[(1)] $M
Cash	171.4	170.2
Financial debt	(209.0)	(244.8)
Lease debt	(58.9)	(65.1)
Net Debt	**(96.5)**	**(139.7)**
PPE	412.3	451.8
Lease assets (right of use)	51.3	58.3
Other net assets	1.5	(18.7)
Investments	18.2	2.6
Tax liabilities	(12.1)	(0.9)
Net Tangible Assets	**374.7**	**353.4**
Intangibles and Goodwill	110.5	119.0
Net Assets	**485.2**	**472.4**
Gearing	19.9%	29.6%
Gearing Excl. AASB 16	7.8%	15.6%

(1) Restated to reflect finalisation of NRW Contracting Purchase Price Accounting – refer to note 15 for details.

Net debt reduced to $96.5M compared to $139.7M as at 30 June 2020. The business generated good cashflow which supported asset finance repayments, accelerated bank debt repayments and dividends. The business took on new debt of $14.9M to finance new equipment purchases. Capital expenditure in the half was $27.9M of which around half was for new mobile plant to support growth contracts in Drill & Blast and Mining. The balance was sustaining Capex to support major components to maintain the fleet. The overall level of spend on sustaining capex was below the expected run rate and is now not expected to exceed $35M for the full year.

Working capital increased as advance payments received in FY20 were repaid. Investments increased mostly due to the receipt of Gascoyne Resources shares, the subscription for new shares through the recapitalisation plan and re-recognition of shares held previously expensed (see above).

The Group was in full compliance with its debt covenants as at 31 December 2020.

DIRECTORS' REPORT CONTINUED

OUTLOOK

The business has delivered significant growth over the last four years due to both sustained growth in the Company's core markets and the successful acquisitions of Golding, RCRMT and BGC Contracting.

Growth is expected to continue as a result of increasing expenditure on infrastructure projects at state and federal level, demand for commodities remaining strong and as a consequence of the recently announced Primero acquisition.

Working closely with the Primero team since the acquisition announcement has confirmed the opportunities to expand our Minerals, Energy & Technologies (MET) specialised capabilities which will provide leverage for the combined expertise to pursue new business initiatives across a large pipeline of opportunities.

The addition of Primero to the MET business represents a further diversification of our strategic platform to offer clients continuity of services across the whole lifecycle of resource projects – from early planning, design, development, construction to operations and maintenance.

In addition, our exposure and now expertise to participate in the future energy minerals sector is also set to grow through Primero's existing client base and significant future opportunities.

The order pipeline remains strong with the potential for further infrastructure projects to be accelerated as part of joint federal and state priorities to address the economic consequences of COVID-19. The pipeline of tenders and prospects expected to be awarded in the next 12 months has increased to $14.1B. Order Intake in the half was just over $1B generating an order book at the end of December of circa $2.8B. Primero has an order book of circa $165M and holds preferred EPC contractor status across multiple projects totalling around $1B.

NRW is maintaining its forecast revenue of between $2.2B to $2.3B for FY21. The lower end of this range is now covered with secured work.

SIGNIFICANT EVENTS AFTER PERIOD END

On 24 November 2020 NRW announced a conditional off-market offer for all the fully paid ordinary shares on issue in Primero Group Limited. The offer was declared unconditional on 3 February 2021. As at the date of this report NRW has now received 98.43% acceptances for its offer, and will proceed to acquire the balance of outstanding Primero shares in accordance with Part 6A.1 of the Corporations Act. Given the date on which the offer became unconditional, and its proximity to the date of this report, NRW has not yet had the opportunity to perform an assessment of this transaction including its initial fair value allocation of the consideration payable to the identifiable assets acquired and liabilities assumed.

There were no further matters or circumstances that have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial period.

INTERIM DIVIDEND

The Board of Directors has agreed an updated dividend policy which recognises that the company whilst delivering on its growth objectives through a number of strategic acquisitions has at the same time demonstrated continued strong cash generation. The Board has concluded that in future the dividend payout ratio will be 40% to 60% of Normalised Net Earnings, (Net Earnings excluding non-cash amortisation of intangibles and non-recurring transactions). In establishing this policy, the Board has reserved its position to direct available cash to meet strategic investments if the capital structure of those investments is best met from its cash resources.

Given the importance of the BGC Contracting and Primero acquisitions over the last 12 months priority was given to ensuring appropriate liquidity to support both growth from the acquisitions and organic growth. Prior to this policy the Board concentrated on ensuring a consistently growing dividend.

The Directors have declared an interim dividend for the six months ended 31 December 2020 of 4 cents per share which compares to 2.5 cents per share declared in the prior comparative period. The dividend will be fully franked and will be paid on 8 April 2021.

DIRECTORS'
REPORT CONTINUED

AUDITOR'S INDEPENDENCE DECLARATION

The Directors received the Auditor's Independence Declaration from the auditor of the Company, which is included on page 12 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 and Managing Director

Michael Arnett

Chairman and Non-Executive Director

Perth, 17 February 2021

AUDITOR'S INDEPENDENCE
DECLARATION

Deloitte.

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

17 February 2021

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 2020, 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

D K Andrews
Partner
Chartered Accountants

DIRECTORS’
DECLARATION

THE DIRECTORS DECLARE THAT:

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

Michael Arnett

Chairman and Non-Executive Director

Perth, 17 February 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the 6 months ended 31 December 2020

	Notes	Consolidated 6 months to 31 December 2020 $'000	 6 months to 31 December 2019 $'000
REVENUE	3	1,137,698	783,607
Lease income		209	242
Other income (Gascoyne Resources)	8	16,434	-
Finance income		250	275
Finance costs		(6,513)	(7,002)
Share of profit / (loss) from associates		(287)	182
Materials and consumables		(228,843)	(177,776)
Employee benefits expense		(354,200)	(227,842)
Subcontractor costs		(245,846)	(158,857)
Depreciation and amortisation expenses		(82,824)	(54,857)
Plant and equipment costs		(167,441)	(98,028)
Other expenses		(28,346)	(13,819)
Profit before income tax		**40,291**	**46,125**
Income tax expense		(11,249)	(12,701)
Profit for the year		**29,042**	**33,424**
Profit and Other Comprehensive Income Attributable to:			
Equity holders of the Company		29,042	33,424
		Cents	**Cents**
EARNINGS PER SHARE			
Basic earnings per share		6.8	8.8
Diluted earnings per share		6.7	8.7

The consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	Consolidated 31 December 2020 $'000	30 June 2020(1) $'000
ASSETS			
Current assets			
Cash and cash equivalents		171,445	170,229
Receivables	4	334,932	369,906
Inventories		54,524	57,358
Lease receivable		2,903	2,546
Other current assets		8,242	8,771
Total current assets		**572,046**	**608,810**
Non-current assets			
Property, plant and equipment	5	412,277	451,825
Lease assets (right of use)	5	51,326	58,276
Intangibles	6	25,487	33,961
Goodwill	7	85,036	85,036
Investments in listed equities	8	15,882	-
Investments in associates		2,323	2,610
Lease receivable		1,491	2,545
Total non-current assets		**593,822**	**634,253**
Total assets		**1,165,868**	**1,243,063**
LIABILITIES			
Current liabilities			
Payables		288,796	331,642
Financial debt	9	60,976	81,799
Lease debt	10	14,775	14,757
Provisions		96,944	110,442
Total current liabilities		**461,491**	**538,640**
Non-current liabilities			
Financial debt	9	148,108	162,996
Lease debt	10	44,073	50,301
Provisions		14,890	17,871
Deferred tax liabilities		12,114	866
Total non-current liabilities		**219,185**	**232,034**
Total liabilities		**680,676**	**770,674**
Net assets		**485,192**	**472,389**
EQUITY			
Contributed equity	11	332,863	332,863
Reserves	12	9,281	8,453
Retained profits	13	143,048	131,073
Total equity		**485,192**	**472,389**

(1) Restated to reflect finalisation of NRW Contracting Purchase Price Accounting – refer to note 15 for details.

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 31 December 2020

	Notes	Contributed Equity	Foreign Currency Translation Reserve	Share Based Payment Reserve	Total Reserves	Retained Earnings	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2019		**206,126**	**(208)**	**7,032**	**6,824**	**78,498**	**291,448**
Opening balance adjustment (AASB16)		-	-	-	-	(2,885)	(2,885)
Adjusted balance at 1 July 2019		**206,126**	**(208)**	**7,032**	**6,824**	**75,613**	**288,563**
Total profit and other comprehensive income for the year		-	-	-	-	33,424	33,424
Issue of ordinary shares under institutional share placement		120,000	-	-	-	-	120,000
Share issue costs (net of tax benefit)		(3,286)	-	-	-	-	(3,286)
Treasury shares transferred to contributed equity		224	-	(224)	(224)	-	-
Dividends paid	16	-	-	-	-	(7,621)	(7,621)
Share-based payments		-	-	826	826	-	826
Balance at 31 December 2019		**323,064**	**(208)**	**7,634**	**7,426**	**101,416**	**431,906**
Balance at 30 June 2020		**332,863**	**(208)**	**8,661**	**8,453**	**131,073**	**472,389**
Total profit and other comprehensive income for the period		-	-	-	-	29,042	29,042
Dividends paid	16	-	-	-	-	(17,067)	(17,067)
Share-based payments		-	-	828	828	-	828
Balance at 31 December 2020		**332,863**	**(208)**	**9,489**	**9,281**	**143,048**	**485,192**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 31 December 2020

	Notes	Consolidated 6 months to 31 December 2020 $'000	6 months to 31 December 2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,314,608	832,905
Payments to suppliers and employees		(1,215,483)	(734,090)
Interest paid		(6,795)	(7,002)
Interest received		250	517
Net cash flow from operating activities	**14**	**92,580**	**92,330**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant and equipment		1,059	229
Acquisition of property, plant and equipment		(27,860)	(40,279)
Acquisition of intangible assets		(412)	-
Acquisition of Gascoyne shares		(4,312)	-
Payment for subsidiary		-	(111,759)
Net cash used in investing activities		**(31,525)**	**(151,809)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of equity instruments of the Company		-	120,000
Payment for share issue costs		-	(4,692)
Proceeds from borrowings		17,863	60,700
Repayment of borrowings		(53,291)	(22,627)
Repayment of lease debt		(7,344)	(28,779)
Payment of dividends to shareholders		(17,067)	(7,621)
Net cash from / (used in) financing activities		**(59,839)**	**116,981**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,216**	**57,502**
Cash and cash equivalents at beginning of the period		170,229	65,031
Cash and cash equivalents at the end of the period		**171,445**	**122,533**

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 GENERAL NOTES

1.1 GENERAL INFORMATION

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.

1.2 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 2020 annual financial report for the financial year ended 30 June 2020, 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. Accounting policies adopted for the first time during the interim period are provided throughout the notes to the financial accounts and include:

Newly Adopted Accounting Policies
Accounting for equity investments under AASB 9

1.3 NEW ACCOUNTING STANDARDS

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 including:

Standard/Interpretation
AASB 2018-6 Amendment – Definition of a Business
AASB 2018-7 Amendments – Definition of Material
AASB 2019-1 Amendments – References to the Conceptual Framework (AASB Conceptual Framework for Financial Reporting)

1.4 ACCOUNTING JUDGMENTS AND ESTIMATES

In applying the Group's accounting policies, which are described in the 30 June 2020 Annual Report, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised:

- if the revision affects only that period; or
- in the period of the revision and future periods if the revision affects both current and future periods.

In preparing the consolidated interim financial report, judgments made in the application of AASB are the same as those disclosed in the 30 June 2020 Annual Report.

2 SEGMENT REPORTING

2.1 REPORTABLE SEGMENTS

The Group's operating segments are presented on the basis that is consistent with the information provided internally to the Managing Director, who is the chief operating decision maker. This reflects the way the Group's businesses are managed, rather than the legal structure of the Group.

- **Civil**: Delivery of private and public civil infrastructure projects, mine development, bulk earthworks and commercial and residential subdivisions.
- **Mining**: Mine management, contract mining, load and haul, dragline operations, coal handling prep plants, maintenance services and the fabrication of water and service vehicles.
- **Drill & Blast**: Provision of integrated, end-to-end production drill and blast services to the mining and civil construction sectors.
- **Minerals, Energy & Technologies**: Provides integrated engineering specialising in the design, construction and operation of resource projects, innovative materials handling products and services as well as facility maintenance and shutdown services.

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

FH FY21 $'000	Civil	Mining	Drill & Blast	Minerals Energy & Technologies	Eliminations / Corporate	Total
Revenue(1)	464,853	547,832	87,657	118,296	(50,619)	1,168,019
Revenue from Associates	(30,321)	-	-	-	-	(30,321)
Statutory revenue	434,532	547,832	87,657	118,296	(50,619)	1,137,698
EBITDA(2)	**15,844**	**97,440**	**11,461**	**15,606**	**(7,543)**	**132,808**
Depreciation and amortisation	(3,408)	(60,185)	(4,938)	(3,834)	(1,459)	(73,824)
EBIT	**12,436**	**37,255**	**6,523**	**11,772**	**(9,002)**	**58,984**
Amortisation of acquisition intangibles(3)						(9,000)
Non-recurring transactions(4)						(3,430)
Interest						(6,263)
Profit before income tax						**40,291**
Income tax expense						(11,249)
Profit for the period						**29,042**

(1) Revenue including associates and joint ventures.
(2) EBITDA is earnings before interest, tax, depreciation, amortisation of acquisition intangibles and non-recuring transactions.
(3) Amortisation of RCRMT and NRW Contracting acquisition intangibles.
(4) Non-recurring transactions include Altura impairment, Gascoyne writeback and Primero transaction costs (refer to page of 8 of the Directors' Report for details).

2.1 REPORTABLE SEGMENTS (CONTINUED)

FH FY20 $'000	Civil	Mining	Drill & Blast	Minerals Energy & Technologies	Eliminations / Corporate	Total
Revenue[(1)]	305,017	375,128	79,453	74,055	(24,969)	808,684
Revenue from Associates	(25,077)	-	-	-	-	(25,077)
Statutory revenue	279,940	375,128	79,453	74,055	(24,969)	783,607
EBITDA[(2)]	**16,888**	**84,475**	**9,349**	**7,418**	**(1,700)**	**116,430**
Depreciation and amortisation	(6,580)	(35,975)	(4,411)	(2,469)	(1,422)	(50,857)
EBIT	**10,308**	**48,500**	**4,938**	**4,949**	**(3,122)**	**65,573**
Amortisation of acquisition intangibles[(3)]						(4,000)
Non-recurring transactions[(4)]						(8,721)
Interest						(6,727)
Profit before income tax						**46,125**
Income tax expense						(12,701)
Profit for the period						**33,424**

(1) Revenue including associates and joint ventures.
(2) EBITDA is earnings before interest, tax, depreciation, amortisation of acquisition intangibles and non-recuring transactions.
(3) Amortisation of RCRMT and NRW Contracting acquisition intangibles.
(4) Non-recurring transactions include NRW Contracting transaction costs.

3 REVENUE

	Consolidated	
	6 months to 31 December 2020	6 months to 31 December 2019
	$'000	$'000
Revenue - group and equity accounted joint ventures[(1)]	1,168,019	808,684
Equity accounted joint ventures	(30,321)	(25,077)
Revenue from contracts with customers	**1,137,698**	**783,607**

(1) The Group defines aggregated revenue as revenue and income calculated in accordance with relevant accounting standards plus our share of revenue earned by our associates and Joint Ventures.

Revenue from contracts with customers is recognised in the income statement when the performance obligations are considered met, which can be at a point in time, or over time, depending on the various service offerings.

Major activities of the Group are: Construction Contracts, Mining, Drill and Blast Service and Minerals, Energy & Technologies.

Revenue is recognised at an amount that reflects the consideration the Group expects to be entitled to, net of goods and services tax or similar tax.

As at 31 December 2020, the Group has recognised revenue from $44.1 million of unapproved claims based on the relative stage of completion (June 2020: $39.5 million).

Further information on the application of AASB 15 on the major activities of the Group are provided in the Company's 2020 annual financial report for the financial year ended 30 June 2020.

4 TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2020	30 June 2020
	$'000	$'000
Trade receivables	159,436	153,571
Contract assets	165,099	210,060
Total contract debtors	**324,535**	**363,631**
Other receivables	10,397	6,275
TOTAL TRADE AND OTHER RECEIVABLES	**334,932**	**369,906**

Trade receivables

Trade receivables represent receivables in respect of which the Group's right to consideration is unconditional subject only to the passage of time. Trade receivables and other receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, less an allowance for impairment.

Contract assets

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue'. Contract assets represent the Group's right to consideration for services provided to customers for which the Group's right remains conditional on something other than the passage of time. Amounts are generally reclassified to trade receivables when contract performance obligations have been certified or invoiced to the customer. Contract liabilities arise where payment is received prior to work being performed.

Measurement and recognition of expected credit losses

The Group believes that the amounts that are past due are still collectible. In making this determination the management team has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the markets in which they operate.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The loss allowance recognised during the period is $17.1 million and is comprised entirely of Altura related balances:

- Trade receivables $13.8 million
- Contract assets $3.3 million

In addition to amounts owed, the Group incurred a further $2.0 million of demobilisation costs, bringing total Altura related costs for the period to $19.1 million. These costs are reflected within Other Expenses.

Following the successful recapitalisation of Gascoyne Resources, NRW has partially recognised previously written off amounts to the extent of $6.4 million as it relates to an upfront cash payment from Gascoyne.

The balance of pre-appointment claims ($15.8 million) remains outstanding. NRW negotiated a structure to recover the balance of amounts owed through successful gold production.

5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment held by the Group include:

	Land	Buildings	Leasehold Improvements	Plant and Equipment	PPE Total	RoU Buildings	RoU Plant and Equipment	Lease Assets (RoU)Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
COST								
Balance as at 30 June 2019	**3,218**	**6,732**	**1,680**	**604,930**	**616,560**	**-**	**-**	**-**
Adoption of AASB16	-	-	-	-	-	36,301	9,601	45,902
Acquisitions through business combinations (note 15)	-	-	912	227,633	228,545	4,154	1,348	5,502
Additions	-	63	-	82,559	82,622	8,067	11,672	19,739
Disposals	-	-	-	(31,816)	(31,816)	-	(18)	(18)
Impairment	-	-	-	-	-	(482)	-	(482)
Balance as at 30 June 2020(1)	**3,218**	**6,795**	**2,592**	**883,306**	**895,911**	**48,040**	**22,603**	**70,643**
Additions	-	281	-	27,579	27,860	1,702	1,522	3,224
Transfer to Software	-	-	-	(377)	(377)	-	-	-
Disposals	-	-	-	(16,282)	(16,282)	-	(1,699)	(1,699)
Impairment	-	-	-	-	-	(1,042)	-	(1,042)
Balance as at 31 December 2020	**3,218**	**7,076**	**2,592**	**894,226**	**907,112**	**48,700**	**22,426**	**71,126**
DEPRECIATION								
Balance as at 30 June 2019	**1,000**	**5,495**	**1,508**	**368,630**	**376,633**	**-**	**-**	**-**
Depreciation and amortisation expense	-	190	27	96,202	96,419	6,469	5,914	12,383
Disposals	-	-	-	(28,966)	(28,966)	-	(16)	(16)
Balance as at 30 June 2020	**1,000**	**5,685**	**1,535**	**435,866**	**444,086**	**6,469**	**5,898**	**12,367**
Depreciation and amortisation expense	-	97	33	65,939	66,069	3,352	4,337	7,689
Transfer to Software	-	-	-	(192)	(192)	-	-	-
Disposals				(15,128)	(15,128)	-	(256)	(256)
Balance as at 31 December 2020	**1,000**	**5,782**	**1,568**	**486,485**	**494,835**	**9,821**	**9,979**	**19,800**
CARRYING VALUES								
At 30 June 2020	**2,218**	**1,110**	**1,057**	**447,440**	**451,825**	**41,571**	**16,705**	**58,276**
At 31 December 2020	**2,218**	**1,294**	**1,024**	**407,741**	**412,277**	**38,879**	**12,447**	**51,326**

(1) Restated to reflect finalisation of NRW Contracting Purchase Price Accounting – refer to note 15 for details.

6 INTANGIBLES

Intangibles held by the Group include:

	Software and System Development	Patent Technology	Brand Names	Customer Relationships	Total
	$'000	$'000	$'000	$'000	$'000
COST					
Balance as at 30 June 2019	**21,142**	**9,460**	**11,638**	**24,210**	**66,450**
Assets recognised on business combinations	-	-	2,291	21,208	23,499
Balance as at 30 June 2020	**21,142**	**9,460**	**13,929**	**45,418**	**89,949**
Transferred from PPE	377	-	-	-	377
Additions	412	-	-	-	412
Disposals	(9,029)	-	-	-	(9,029)
Balance as at 31 December 2020	**12,902**	**9,460**	**13,929**	**45,418**	**81,709**
AMORTISATION					
Balance as at 30 June 2019	**20,863**	**2,353**	**-**	**19,493**	**42,709**
Amortisation expense	279	3,601	-	9,399	13,279
Balance as at 30 June 2020	**21,142**	**5,954**	**-**	**28,892**	**55,988**
Transferred from PPE	192	-	-	-	192
Amortisation expense	71	1,801	-	7,199	9,071
Disposals	(9,029)	-	-	-	(9,029)
Balance as at 31 December 2020	**12,376**	**7,755**	**-**	**36,091**	**56,222**
CARRYING VALUES					
At 30 June 2020	**-**	**3,506**	**13,929**	**16,526**	**33,961**
At 31 December 2020	**526**	**1,705**	**13,929**	**9,327**	**25,487**

7 GOODWILL

	Consolidated	
	31 December 2020	**30 June 2020(1)**
	$'000	$'000
Balance at beginning of the period	85,036	40,103
Amounts recognised from business combinations occurring during the period (note 15)	-	44,933
Balance at end of the period	**85,036**	**85,036**

(1) *Restated to reflect finalisation of NRW Contracting Purchase Price Accounting – refer to note 15 for details.*

Goodwill is attributable to cash generating units (CGU) aggregated in the following reporting segments whose results are regularly reviewed by the Groups chief operating decision maker:

	Consolidated	
	31 December 2020	**30 June 2020(1)**
	$'000	$'000
Civil	18,513	18,513
Mining	59,858	59,858
Minerals, Energy & Technologies	6,665	6,665
Balance at end of the period	**85,036**	**85,036**

(1) *Restated to reflect finalisation of NRW Contracting Purchase Price Accounting – refer to note 15 for details.*

7 GOODWILL (CONTINUED)

Impairment of Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may have suffered an impairment loss.

The determination of the existence of impairment indicators requires a degree of management judgement. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives, intangible assets not yet available for use, and goodwill are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

As at 31 December 2020, the Company performed the assessment of any prevailing indicators of impairment across each CGU.

The Group has paid particular attention to those indicators impacted by the global COVID-19 pandemic. We have considered the effect of the pandemic on our clients activities which may include long-term commodity prices, awards of new contracts, deferrals of existing contracts, disruptions to supply chain and disruptions to existing operations. To date, most of the Groups operations were classified as essential services and have continued materially unaffected with some impact on margin percentages due to employment cost escalations and decreased productivity which particularly affected West Australian Pilbara projects and to a lesser extent our South Australian civil projects. In regards to the outlook, the order pipeline remains strong with the potential for infrastructure projects to be accelerated as part of joint federal and state priorities to address the economic consequences of COVID-19. The management team continue to monitor and manage the impacts and risks arising from the global pandemic, and at the time of compiling future cash flows there were no other known detrimental changes.

Value in use assumptions and key estimates

Sales and earnings growth

The five year cash flow estimates used in assessments for all CGU's were based on updated Group forecasts for the year ending 30 June 2021. Growth assumptions thereafter are 3% (2020: 3%) per annum for each future year. The terminal value assumes perpetual growth of 0% (2020: 0%). Growth rates do not exceed historical averages.

Discount rate

A pre-tax discount rate of 13.6% (2020: 13.6%) which includes a risk margin was applied to the cash flows within each of the CGU's.

Working capital and capital expenditure

Working capital has been adjusted to return to, and continue to reflect, what management estimate to be normal operating levels in order to continue to support the underlying businesses.

Capital expenditure forecasts were based on the various strategic business plans and those levels considered appropriate to sustain current growth projections above current level of operating activities.

7 GOODWILL (CONTINUED)

The Company was satisfied that the recoverable values were sufficiently in excess of their carrying values at reporting date. This conclusion was supported having applied a sensitivity analysis on the key assumptions used in determining the recoverable values.

Sensitivity analysis

Short-term assumptions

The Company simulated several scenarios to sensitise future cash flows for different outcomes associated with COVID-19 risks identified in assessing indicators of potential impairment, highlighted above. These included the net future cash flow impacts of:

- an absolute, or timing delay, for disruptions at a current clients operations; or
- a non-award, or delay to an award, of future contracts

Long-term assumptions

In addition, the Company undertook sensitivity analysis with regard to the longer term drivers of future cash flow relating to:

- Future years' growth rate assumption adjusted from 3% (CAGR) growth per annum to a range of 0-2% (CAGR) growth per annum.
- Pre-tax discount rate assumption increased from 13.6% to 16.7%, representing the higher degree of risk and returns required by equity holders through an extended period of higher global uncertainty surrounding COVID-19, (or the higher risk inherent in the underlying forecasts).

Each of these sensitivities were performed in isolation of each other and did not result in recoverable values to be lower than the carrying values of the CGUs as at 31 December 2020.

8 INVESTMENTS IN LISTED EQUITIES

	Consolidated	
	31 December 2020	30 June 2020
	$'000	$'000
Investments at fair value through profit and loss		
Gascoyne	15,882	-
Total listed investments	**15,882**	**-**

All equity investments in scope of AASB 9 are measured at fair value in the statement of financial position, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to present value changes in other comprehensive income.

Gascoyne Resources

Following the successful recapitalisation of Gascoyne Resources, NRW received 480 million shares in exchange for amounts owed pre-administration. At the same time, 86.2 million of pre-existing shares were reinstated.

In addition, NRW subscribed to 172.5 million shares under the entitlement offer bringing total NRW shareholding to 738.7 million pre-share consolidation – 36.9 million shares post share consolidation (on 22 September 2020 GCY announced a 20:1 share consolidation).

Gascoyne investment is accounted for at fair value through profit and loss and has been valued at 43 cents per share at 31 December 2020.

Gascoyne Recapitalisation Reconciliation

The following table summarises the impairment recognised in FY19, following GCY entry into Voluntary Administration in June 2019, together with the corresponding effect on these financial statements of the recovery of amounts following the successful recapitalisation of Gascoyne Resources in October 2020.

Loss Recognised	FY 19	GCY Recapitalisation FH FY21	Recover	P&L	Equity Invest.	Operating Cash Flow	Investing Cash Flow	Non Cash
	$'000		$'000	$'000	$'000	$'000	$'000	$'000
Secured loans	**(10,000)**	Equity settlement of secured loan	**12,000**	12,000	12,000	-	-	12,000
Listed shares	**(4,312)**	Relisting shares	**2,156**	2,156	2,156	-	-	2,156
Trade debtors	**(19,211)**	Cash settlement (excl. GST)	**6,364**	6,364	-	6,364	-	-
		Future entitlement	**15,780[1]**	n/a	n/a	n/a	n/a	n/a
Total	**(33,523)**	**Subtotal**	**36,300**	**20,520**	**14,156**	**6,364**	**-**	**14,156**
		Subscription for new share (2:1 rights entitlement)	**-**	**-**	**4,312**	**-**	**(4,312)**	**-**
		Remeasurement of GCY equity FVTPL[2]	**-**	**(2,586)**	**(2,586)**	**-**	**-**	**(2,586)**
		Related costs	**-**	**(1,500)**	**-**	**(1,500)**	**-**	**-**
		Total	**-**	**16,434[3]**	**15,882**	**4,864**	**(4,312)[4]**	**11,570[5]**

(1) NRW negotiated a structure to recover the balance of amounts owed through successful gold production.
(2) Fair value through profit and loss.
(3) Disclosed as Other Income in the Consolidated Statement of Profit or Loss.
(4) Disclosed as an Investing Activity in the Consolidated Statement of Cash Flows.
(5) Refer to note 14.

9 FINANCIAL DEBT

	Consolidated	
	31 December 2020	30 June 2020
	$'000	$'000
SECURED AT AMORTISED COST		
Current		
Bankwest	-	24,435
Bank of China	-	282
Equipment finance	57,952	57,082
Other	3,024	-
Total current financial debt	**60,976**	**81,799**
Non-current		
Bank of China	24,000	24,000
Equipment finance	124,108	138,996
Total non-current financial debt	**148,108**	**162,996**
GROUP TOTAL FINANCIAL DEBT	**209,084**	**244,795**

Financial debt movement reconciliation:

	Consolidated	
	6 months to 31 December 2020	12 months to 30 June 2020
	$'000	$'000
OPENING BALANCE	**244,795**	**100,459**
Equipment finance assumed (through business acquisition)	**-**	**158,301**
New equipment finance	14,871	37,679
Repayment of equipment finance	(28,910)	(41,144)
New financial debt	2,992	30,790
Repayment of financial debt	(24,664)	(41,290)
GROUP TOTAL FINANCIAL DEBT	**209,084**	**244,795**

Interest Bearing Finance Facilities

Consolidated finance facilities as at 31 December 2020

Finance Description	Face Value (Limit)	Carrying Amount (Utilised)	Unutilised Amount
	$'000	$'000	$'000
Bank of China (1)	55,000	24,000	31,000
Equipment finance	206,774	182,060	24,714
Guarantees and insurance bonds (2)	337,000	146,329	190,671

(1) Includes: reducing loan facility, bank guarantee facility and credit risk facility.
(2) $25.0 million of the overall limit is interchangeable as an overdraft facility.

Consolidated finance facilities as at 30 June 2020

Finance Description	Face Value (Limit)	Carrying Amount (Utilised)	Unutilised Amount
	$'000	$'000	$'000
Bankwest	24,435	24,435	-
Bank of China(1)	55,000	24,282	30,718
Equipment finance	223,548	196,078	27,470
Guarantees and insurance bonds(2)	352,055	195,027	157,028

(1) Includes: reducing loan facility, bank guarantee facility and credit risk facility.
(2) $25.0 million of the overall limit is interchangeable as an overdraft facility.

10 LEASE DEBT

	Consolidated	
	31 December 2020	30 June 2020
	$'000	$'000
Opening balance	**65,058**	**-**
Adjustment on adoption of AASB 16 *Leases*	-	50,369
Adjusted opening balance	**65,058**	**50,369**
New leases through a business combination	-	5,502
New leases	3,224	19,739
Repayment of lease debt	(7,344)	(10,552)
Early terminations	(2,090)	-
Balance at reporting date	**58,848**	**65,058**
Current	14,775	14,757
Non-current	44,073	50,301
GROUP TOTAL LEASE DEBT	**58,848**	**65,058**

11 ISSUED CAPITAL

Fully Paid Ordinary Shares

	Consolidated	
	31 December 2020	30 June 2020
	$'000	$'000
ORDINARY SHARES		
429,628,269 fully paid ordinary shares (2020: 426,685,384)	332,863	332,863

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

	Consolidated			
	6 months to 31 December 2020		12 months to 30 June 2020	
	# No. '000	$'000	# No. '000	$'000
FULLY PAID ORDINARY SHARES				
Balance at the beginning of the period	**426,686**	**332,863**	375,880	206,126
Capital raising at $2.85 share	-	-	42,106	120,000
Share purchase plan at $2.85 share	-	-	3,509	10,000
Share issue costs net of tax	-	-	-	(3,287)
Issue of shares to executives	2,942	-	5,180	-
Treasury shares transferred to contributed equity	-	-	11	24
Balance at the end of the period	**429,628**	**332,863**	**426,686**	**332,863**

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

The Company has on issue a total of 429,628,269 (June 2020: 426,685,384) ordinary shares.

12 RESERVES

	Consolidated	
	31 December 2020	**30 June 2020**
	$'000	$'000
Share based payment reserve		
Balance at the beginning of the financial year	8,661	7,032
Share based payment expense	828	1,653
Treasury shares issued for vested rights	-	(24)
Balance at the end of the half-year	**9,489**	**8,661**
Foreign currency translation reserve	(208)	(208)
Total reserves	**9,281**	**8,453**

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in the income statement when the foreign operation is disposed of.

13 RETAINED EARNINGS

		Consolidated	
	Note	**6 months to 31 December 2020**	**12 months to 30 June 2020**
		$'000	$'000
Balance at the beginning of the period		**131,073**	**78,498**
Adjustment on adoption of AASB 16 *Leases*		-	(2,885)
Adjusted retained earnings		**131,073**	**75,613**
Net profit attributable to members of the parent entity		29,042	73,749
Dividends paid	16	(17,067)	(18,289)
Balance at the end of the period		**143,048**	**131,073**

14 RECONCILIATION OF PROFIT FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	6 months to 31 December 2020	**6 months to 31 December 2019**
	$'000	$'000
Profit before income tax	40,291	46,125
Depreciation and amortisation expenses	82,824	54,857
Gascoyne transactions	(11,570)	-
Other non-cash items	1,326	(42)
Net cash generated before movement in working capital	**112,871**	**100,940**
Net working capital movement	(20,291)	(8,710)
Net cash from operating activities	**92,580**	**92,230**

15 BUSINESS ACQUISITION

Details of the provisional fair values of the net assets acquired and goodwill was set in the 2020 Annual Report. The final fair values of the net assets acquired resulted in an additional $3.1 million of goodwill being recognised from the disclosed provisional values. Final adjustment were made as a result of additional information being obtained within the measurement period.

Final fair value of assets acquired and liabilities assumed at the date of the acquisition

	$'000
ASSETS	
Current Assets	
Cash and cash equivalents	28,632
Trade and other receivables	130,286
Lease receivable	2,415
Inventories	25,021
Other current assets	2,499
Total current assets	**188,853**
Non-current assets	
Property, plant and equipment	228,545
Right of use assets	5,502
Lease receivable	4,059
Intangibles	23,499
Deferred tax asset	902
Total non-current assets	**262,507**
Total assets	**451,360**
LIABILITIES	
Current liabilities	
Trade and other payables	107,606
Financial debt	62,528
Lease liabilities	1,445
Provisions	81,774
Total current liabilities	**253,353**
Non-current liabilities	
Financial debt	95,773
Lease liabilities	4,058
Provisions	2,718
Total non-current liabilities	**102,549**
Total liabilities	**355,902**
NET ASSETS ACQUIRED	**95,458**

Goodwill arising on acquisition

	$'000
Total cash consideration	140,391
Less fair value of identifiable net assets acquired	95,458
Goodwill on acquisition	**44,933**

16 DIVIDENDS

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

Fully Paid Ordinary Shares	Cents Per Share	6 months to 31 December 2020	Cents Per Share	6 months to 31 December 2019
		$'000		$'000
Final dividend (FY20/FY19)	4.0	17,067	2.0	7,621

The Directors have declared an interim dividend for the half-year ended 31 December 2020 of 4.0 cents.

17 SUBSEQUENT EVENTS

Subsequent to the reporting date:

The Group declared a fully franked dividend of 4 cents per share.

On 24 November 2020 NRW announced a conditional off-market offer for all the fully paid ordinary shares on issue in Primero Group Limited. The offer was declared unconditional on 3 February 2021. As at the date of this report NRW has now received 98.43% acceptances for its offer, and will proceed to acquire the balance of outstanding Primero shares in accordance with Part 6A.1 of the Corporations Act. Given the date on which the offer became unconditional, and its proximity to the date of this report, NRW has not yet had the opportunity to perform an assessment of this transaction including its initial fair value allocation of the consideration payable to the identifiable assets acquired and liabilities assumed.

There were no further matters or circumstances that have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial period.

Deloitte.

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

Conclusion

We have reviewed the half-year financial report of NRW Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2020, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 13 to 31.

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 the Group is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities 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.

Deloitte.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2020 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*.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D K Andrews
Partner
Chartered Accountants
Perth, 17 February 2021