NRW HOLDINGS (ASX: NWH)
INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

ABN 95 118 300 217

Main Roads WA

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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
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ASX Code	NWH
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DIRECTORS' REPORT

The Directors present their report together with the financial report of NRW Holdings Limited (the Company) and of the consolidated group (also referred to as 'the Group'), comprising the Company and its subsidiaries, for the half-year ended 31 December 2021. 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 provider of diversified contract services to the resources and infrastructure sectors.

With extensive operations in all Australian States, except Tasmania, and an office in Canada, NRW's geographical diversification is complemented by its ability to deliver a wide range of services.

NRW's Civil & Mining businesses provide civil construction, including bulk earthworks, road and rail construction and concrete installation, together with contract mining and drill and blast services.

The Minerals, Energy & Technologies (MET) operating unit offers tailored mine to market solutions, specialist maintenance (shutdown services and onsite maintenance), non-process infrastructure, innovative materials handling solutions, and complete turnkey design, construction and operation of minerals processing and energy projects.

NRW also offers a comprehensive Original Equipment Manufacturer (OEM) capability, providing refurbishment and rebuild services for earthmoving equipment and machinery.

NRW has a workforce of around 6,200 people supporting projects around Australia for clients across the resources, infrastructure, industrial engineering, maintenance and urban subdivision sectors.

OPERATING AND FINANCIAL REVIEW

FINANCIAL PERFORMANCE

NRW reported revenues including revenue generated by associates of $1,160.0 million (statutory revenue of $1,115.4 million) compared to $1,168.0 million (statutory revenue $1,137.7 million) in the prior comparative period (pcp). First half revenue was at a similar level to the pcp as activity in the Civil business reduced following the completion of a number of large Pilbara based projects offset by an increase in the MET business mostly due to the acquisition of the Primero business. The change in segment revenues also reflects in the expense analysis in the Statement of Profit or Loss. Materials and consumables spend is higher due to increased activity on EPC projects in the MET segment. Subcontractor costs and Plant and equipment costs are lower due to the reduction in Civil activity.

Operating conditions across the Group improved compared to the pcp although staff turnover remains above normal levels and high employment rates and labour movement restrictions continue to provide challenges for the project teams to maintain manning at the required level.

Operating EBIT of $74.6 million was up 26% on the pcp ($59.0 million) as profitability recovered across the business due to lesser effects on the cost base from the COVID-19 pandemic. Group EBITDA totalled $133.6 million reflecting the improved EBIT offset by lower depreciation costs, following the sale of mining equipment to Idemitsu in July 2021 (Boggabri transaction).

Normalised Net Earnings (NPATN) increased by 31% to $48.5 million compared to $37.0 million in the pcp reflecting the recovery in profitability across the business. Interest costs were lower reflecting continued debt reduction and the Boggabri transaction. Tax costs were recorded at 30% and offset prior year tax losses, as a consequence no cash tax expense was incurred.

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

	FH FY22		FH FY21	
	Revenue	Earnings	Revenue	Earnings
	$M	$M	$M	$M
Total revenue(1) / EBITDA(2)	**1,160.0**	**133.6**	**1,168.0**	**132.8**
Revenue from associates	(44.6)		(30.3)	
Depreciation and amortisation(3)		(59.0)		(73.8)
Operating EBIT / EBITA(4)		**74.6**		**59.0**
Amortisation of acquisition intangibles(5)		(5.1)		(9.0)
Non-recurring transactions(6)		-		(3.4)
EBIT		**69.5**		**46.6**
Interest		(5.3)		(6.3)
Profit before income tax		**64.2**		**40.3**
Income tax expense		(19.3)		(11.3)
Statutory revenue / Net earnings	**1,115.4**	**44.9**	**1,137.7**	**29.0**
NPATN(7)		**48.5**		**37.0**

(1) Revenue including NRW share of revenue from associates and joint ventures.
(2) EBITDA is earnings before interest, tax, depreciation, amortisation of acquisition intangibles and non-recurring transactions.
(3) Includes depreciation and amortisation of software.
(4) Operating EBIT / EBITA, is earnings before interest, tax, and amortisation of acquisition intangibles and non-recurring transactions.
(5) Amortisation of intangibles as part of business acquisitions.
(6) Non-recurring transactions in FY21 included transactions relating to Altura, Gascoyne and the acquisition of Primero.
(7) NPATN - Operating EBIT less interest and tax (at a 30% tax rate).

Refer to the above definitions throughout the report.

OPERATING SEGMENTS

NRW is comprised of three reportable segments, Civil, Mining and Minerals, Energy & Technologies (MET). Business activities are conducted primarily in Australia, with some operations in Canada and the USA. The results for each of the segments is provided below and in note 2 to these accounts. The Civil and MET segment results have been presented at EBIT level given the current low level of capital intensity in these businesses. The Mining business has been presented at both EBIT and EBITDA levels recognising that this segment has significantly higher capital intensity than the other two businesses.

Commentary on the performance of each segment follows:

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, renewable energy projects, water infrastructure and concrete installations.

	FH FY22		FH FY21	
	$M	%	$M	%
Revenue	226.9		474.7	
EBIT	9.9		16.3	
Margin		4.4		3.4

Revenue was lower than the pcp as major Pilbara based projects completed in FY21. The high activity level in FY21 resulted in a requirement for unprecedented staffing levels. Projects experienced cost increases as staff availability was severely impacted by COVID-19 measures including border closures. Lower activity levels in first half of FY22 have not seen the same staff availability and cost pressures experienced in FY21 which in turn have contributed to the margin improvement.

Earnings as measured by margin improved from 3.4% to 4.4%. Whilst activity was lower in the first half of FY22 the costs issues which negatively impacted margins in the first half of FY21 were not repeated.

The Civil business secured new work from Rio Tinto at Nammuldi and West Angelas, infrastructure projects in Queensland and for Main Roads in Western Australia and extensions on a number of urban property development projects.

Current projects include the Gudai-Darri Solar Farm which provides the business with the opportunity to extend its capability into the renewable sector. Rio Tinto awarded NRW a turnkey design and construct package to deliver its first 'decarbonising asset' - a 34MW PV solar farm, consisting of approximately 90,000 solar panels that will generate almost 65% of the nearby mine's average electricity demand.

OPERATING SEGMENTS CONTINUED

Mining

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

	FH FY22		FH FY21	
	$M	%	$M	%
Revenue	611.3		585.4	
EBITDA	98.6	16.1	104.5	17.9
Depreciation	(49.1)		(64.6)	
EBIT	49.5	8.1	39.9	6.8

Underlying activity levels increased by around 10% excluding the impact of lower revenue (and depreciation) on the Boggabri project following the sale of the key mining fleet to Idemitsu in July 2021. Revenue increased to $611.3 million from $585.4 million in the pcp.

Earnings increased to $49.5 million compared to $39.9 million representing strong margin growth from 6.8% to 8.1%. The improvement was in part due to the impact of lower margin projects, now complete, being delivered in FY21 as a result of cost pressures related to COVID-19 measures. EBITDA reflects the underlying improvement in earnings offset by the lower depreciation following the Boggabri transaction.

The Mining business secured a number of contract extensions in the first half including projects at Phosphate Hill, Curragh, Middleback Ranges and Kogan Creek. The Karara Mining contract was also formalised in December 2021 with an expected contract value of circa $702 million.

Minerals, Energy & Technologies

The Minerals, Energy & Technologies business incudes RCR Mining Technologies, DIAB Engineering and Primero Group Limited. RCR Mining Technologies is a leading Original Equipment Manufacturer (OEM) that offers innovative materials handling design capability. DIAB Engineering has proven capabilities in the metals and mining industry and provides specialist maintenance (shutdown services and onsite maintenance), industrial engineering and fabrication. Primero provides a full Engineering Procurement Construction (EPC) capability that operates in the mineral processing, energy and non-process infrastructure market segments.

	FH FY22		FH FY21	
	$M	%	$M	%
Revenue	359.2		118.3	
EBIT	24.6		11.8	
Margin		6.9		10.0

Revenue increased to $359.2 million compared to $118.3 million in first half FY21 mostly due to the inclusion of Primero following the acquisition of the business in February 2021.

Earnings increased in real terms in line with higher revenues, margins as a percentage of revenue reduced as expected due to the combination of the Primero business into the MET segment results from February 2021.

Primero has continued its growth trajectory in service offerings, commodity diversity and scale with the award of new major EPC projects and contract operations and maintenance contracts over the period. These include the award of the Group's two largest EPC contracts to date being Covalent Lithium - Mount Holland Concentrator EPC, and the Strandline Resources Coburn Minerals Sands project for a combined value of approximately $450 million, demonstrating the technical aptitude of the Group across multiple commodities as well as the capacity of the Group now delivering projects of this nature and complexity.

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 21	30 Jun 21[(1)]
	$M	$M
Cash	195.9	146.5
Financial debt	(180.0)	(261.9)
Lease debt	(55.9)	(55.9)
Net Debt	**(40.0)**	**(171.3)**
Property, plant and equipment	336.9	321.4
Non-current assets held for sale	-	82.6
Right-of-use assets	47.2	48.2
Working capital	27.0	51.6
Investments	23.0	15.8
Tax liabilities	(34.6)	(15.8)
Net Tangible Assets	**359.5**	**332.5**
Intangibles and Goodwill	209.6	212.6
Net Assets	**569.1**	**545.1**
Gearing	7.0%	31.4%

(1) Restated to reflect finalisation of Primero Group Limited purchase price accounting – refer note 16.

Cash balances increased in the six months to $195.9 million supported by strong operating cashflows from increased earnings, resolution of a number of outstanding claims and from movements in contract advances. Net debt reduced to $40.0 million compared to $171.3 million as at 30 June 2021. Gearing reduced to 7.0% and the business would have reported net cash other than for the inclusion of lease commitments included in lease debt.

Significant movement in debt and cash in the six months included the sale of the Boggabri assets to Idemitsu ($82.6 million) included in the June 2021 balance sheet as non-current assets held for sale, and dividend payments of $22.5 million.

Capital expenditure totalled $66.8 million of which circa $24.0 million was for the new Karara Mining project which commences March 2022 and $12.0 million on crushing plants for Build, Own, Operate (BOO) contracts in Primero. The balance $30.8 million represents sustaining capex in line with previous guidance on annual spend rates of circa $80.0 million.

Investments increased mostly due to shares acquired in Green Technology Metals Limited (ASX: GT1). As noted in the footnotes to the related financial statements and notes, the values disclosed at 30 June 2021 have been adjusted for the finalisation of Primero purchase price accounting, the net effect of the adjustment was approximately $5.5 million increase to the goodwill, for further details refer to note 16 of the financial statements.

The Group was in full compliance with its banking and debt covenants as at 31 December 2021.

OUTLOOK

Restrictions related to the COVID-19 pandemic have continued for longer than had previously been anticipated. Whist the border restrictions are maintained and whilst the resources sector remains buoyant, recruiting staff in some specific trades will remain a challenge for the business. Current projects are staffed at appropriate levels. We have training facilities to support new recruits and a strong culture supporting staff retention.

The business is positioned to address growth opportunities across all of the markets in which NRW operates, particularly resources, infrastructure and renewables. The current pipeline of opportunities at $19.5 billion is similar to that advised at the AGM. The order book has increased to $4.0 billion compared to $3.4 billion at June 2021 and is likely to grow further on completion of contract extension negotiations with Coronado Coal.

In the short term, revenues are expected to grow in the second half supported by the current order book, including the start of the Karara Mining activities in March 2022.

Revenue guidance for the full year remains between $2.4 billion to $2.5 billion with secured work in hand for the second six months already fully supporting the revenue forecast at the low end of the range.

Earnings guidance (EBITA) for the full year has been updated to $150.0 million to $155.0 million, reflecting the strong first half results. The business still has opportunities to improve as advised at the 2021 AGM however given potential impacts from changing COVID-19 measures (resulting from Omicron) a decision was made to maintain top end of guidance.

SIGNIFICANT EVENTS AFTER PERIOD END

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 Directors have declared an interim dividend for the six months ended 31 December 2021 of 5.5 cents per share which compares to 4.0 cents per share declared for the six months ended 31 December 2020. The dividend will be fully franked and will be paid on 7 April 2022.

The interim dividend represents a 51% payout ratio in line with the dividend payout policy advised February 2021 (payout ratio of between 40% to 60% of normalised net earnings).

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 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 half-year 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, 16 February 2022

Deloitte.

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

16 February 2022

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 2021, 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, 16 February 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the 6 months ended 31 December 2021

	Notes	6 months to 31 December 2021 $'000	6 months to 31 December 2020 $'000
Revenue	3	**1,115,387**	**1,137,698**
Other income		7,933	16,643
Materials and consumables		(339,559)	(228,843)
Employee benefits expense		(382,803)	(354,200)
Subcontractor costs		(169,729)	(245,846)
Plant and equipment costs		(87,167)	(167,441)
Depreciation and amortisation expenses		(64,052)	(82,824)
Other expenses		(13,492)	(28,346)
Share of profit / (loss) from associates		2,991	(287)
Net finance costs		(5,272)	(6,263)
Profit before income tax		**64,237**	**40,291**
Income tax expense		(19,271)	(11,249)
Profit for the year		**44,966**	**29,042**
Profit and Other Comprehensive Income Attributable to:			
Equity holders of the Company		44,966	29,042
		Cents	**Cents**
EARNINGS PER SHARE			
Basic earnings per share		10.0	6.8
Diluted earnings per share		9.9	6.7

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	31 December 2021	30 June 2021[1]
		$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents		195,919	146,549
Receivables	4	347,685	416,577
Lease receivables		1,488	2,974
Inventories		60,164	57,055
Non-current assets held for sale		-	82,612
Other current assets		15,763	7,321
Total current assets		**621,019**	**713,088**
Non-current assets			
Property, plant and equipment	5	336,914	321,408
Right-of-use assets	6	47,225	48,163
Investments in listed equities	7	19,624	13,616
Investments in associates		3,385	2,233
Intangibles	8	41,098	44,123
Goodwill	9	168,467	168,467
Total non-current assets		**616,713**	**598,010**
Total assets		**1,237,732**	**1,311,098**
LIABILITIES			
Current liabilities			
Payables		302,018	339,755
Financial debt	10	62,588	92,056
Lease debt	11	16,596	13,621
Provisions		77,261	71,966
Current tax liability		-	418
Total current liabilities		**458,463**	**517,816**
Non-current liabilities			
Financial debt	10	117,420	169,852
Lease debt	11	39,332	42,303
Provisions		18,767	20,670
Deferred tax liabilities		34,642	15,334
Total non-current liabilities		**210,161**	**248,159**
Total liabilities		**668,624**	**765,975**
Net assets		**569,108**	**545,123**
EQUITY			
Contributed equity	12	383,416	383,416
Reserves	13	12,831	11,359
Retained profits	14	172,861	150,348
Total equity		**569,108**	**545,123**

(1) Restated to reflect finalisation of Primero Group Limited purchase price accounting – refer note 16.

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 2021

	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 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	17	-	-	-	-	(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**
Balance at 30 June 2021		**383,416**	**(141)**	**11,500**	**11,359**	**150,348**	**545,123**
Total profit and other comprehensive income for the period		-	-	-	-	44,966	44,966
Dividends paid	17	-	-	-	-	(22,453)	(22,453)
Movements in foreign currency		-	8	-	8	-	8
Share-based payments		-	-	1,464	1,464	-	1,464
Balance at 31 December 2021		**383,416**	**(133)**	**12,964**	**12,831**	**172,861**	**569,108**

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 2021

	Notes	6 months to 31 December 2021	6 months to 31 December 2020
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,333,436	1,314,608
Payments to suppliers and employees		(1,182,596)	(1,215,483)
Interest paid		(5,406)	(6,795)
Interest received		134	250
Income tax paid		(418)	-
Net cash flow from operating activities	15	**145,150**	**92,580**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant and equipment		912	1,059
Proceeds from the sale of non-current assets held for sale		82,612	-
Acquisition of property, plant and equipment		(66,839)	(27,860)
Acquisition of intangible assets		(233)	(412)
Acquisition of shares in listed equities		(134)	(4,312)
Net cash from / (used in) investing activities		**16,318**	**(31,525)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		19,922	17,863
Repayment of borrowings		(101,822)	(53,291)
Repayment of lease debt		(7,745)	(7,344)
Payment of dividends to shareholders		(22,453)	(17,067)
Net cash used in financing activities		**(112,098)**	**(59,839)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**49,370**	**1,216**
Cash and cash equivalents at beginning of the period		146,549	170,229
Cash and cash equivalents at the end of the period		**195,919**	**171,445**

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 2021 annual financial report for the financial year ended 30 June 2021.

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 (AASB) that are relevant to their operations and effective for the current half-year.

The IFRS Interpretations Committee (IFRIC) has issued two agenda decisions related to accounting for Software-as-a-Service (SaaS) arrangements:

- In March 2019, the IFRIC considered the accounting for SaaS arrangements (the first agenda decision) and concluded that for many such arrangements the substance is that the entity has contracted to receive services rather than the acquisition (or lease) of software assets. This is because, in a cloud-based environment, the SaaS contract generally only gives the customer the right to receive access to the cloud provider’s application software, rather than a license over the intellectual property i.e. control over the software code itself.
- In April 2021, the IFRIC specifically considered how an entity should account for configuration and customisation costs incurred in implementing these (SaaS) service arrangements. The IFRIC concluded (the second agenda decision) that these costs should be expensed, unless the criteria for recognising a separate asset are met. For the majority of the expenses incurred for customisation of the Group SaaS it is considered that the criteria is met to capitalise the costs of customisation.

1.4 ACCOUNTING JUDGMENTS AND ESTIMATES

In applying the Group’s accounting policies, which are described in the 30 June 2021 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 2021 Annual Report.

2 SEGMENT REPORTING

NRW has structured its business reporting into three segments, Civil, Mining, and Minerals, Energy & Technologies.

- **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, renewable energy projects, water infrastructure and concrete installations.
- **Mining**: The Mining business specialises in mine management, contract mining, load and haul, dragline operations, drill and blast, coal handling prep plants, maintenance services and the fabrication of water and service vehicles.
- **Minerals, Energy & Technologies**: The Minerals, Energy & Technologies business incudes RCR Mining Technologies, DIAB Engineering and Primero Group Limited. RCR Mining Technologies is a leading Original Equipment Manufacturer (OEM) that offers innovative materials handling design capability. DIAB Engineering has proven capabilities in the metals and mining industry and provides specialist maintenance (shutdown services and onsite maintenance), industrial engineering and fabrication. Primero provides a full Engineering Procurement Construction (EPC) capability that operates in the mineral processing, energy and non-process infrastructure market segments.

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 FY22 $'000	Civil	Mining	MET	Corporate / Eliminations	Total
Revenue	226,863	611,335	359,239	(37,479)	1,159,958
Revenue from Associates	(44,571)	-	-	-	(44,571)
Statutory revenue	182,292	611,335	359,239	(37,479)	1,115,387
EBITDA	**12,457**	**98,594**	**30,157**	**(7,647)**	**133,561**
Depreciation and amortisation	(2,530)	(49,117)	(5,518)	(1,841)	(59,006)
EBITA	**9,927**	**49,477**	**24,639**	**(9,488)**	**74,555**
Amortisation of acquisition intangibles					(5,046)
Net interest					(5,272)
Profit before income tax					**64,237**
Income tax expense					(19,271)
Profit for the period					**44,966**

2 SEGMENT REPORTING CONTINUED

FH FY21 $'000	Civil	Mining	MET	Corporate / Eliminations	Total
Revenue	474,697	585,394	118,296	(10,368)	1,168,019
Revenue from Associates	(30,321)	-	-	-	(30,321)
Statutory revenue	444,376	585,394	118,296	(10,368)	1,137,698
EBITDA	**20,240**	**104,505**	**15,606**	**(7,543)**	**132,808**
Depreciation and amortisation	(3,941)	(64,590)	(3,834)	(1,459)	(73,824)
EBITA	**16,299**	**39,915**	**11,772**	**(9,002)**	**58,984**
Amortisation of acquisition intangibles					(9,000)
Non-recurring transactions					(3,430)
Net interest					(6,263)
Profit before income tax					**40,291**
Income tax expense					(11,249)
Profit for the period					**29,042**

3 REVENUE

	6 months to 31 December 2021 $'000	6 months to 31 December 2020 $'000
Revenue - group and equity accounted joint ventures(1)	1,159,958	1,168,019
Equity accounted joint ventures	(44,571)	(30,321)
Revenue from contracts with customers	**1,115,387**	**1,137,698**

(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 services 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 2021, the Group has recognised revenue of $38.2 million from unapproved claims based on the relative stage of completion (30 June 2021: $68.0 million).

Further information on the application of AASB 15 on the major activities of the Group are provided in the Company's 2021 Annual Financial Report.

4 TRADE AND OTHER RECEIVABLES

	31 December 2021	30 June 2021[(1)]
	$'000	$'000
Trade receivables	158,111	181,606
Contract assets	177,423	226,629
Total contract debtors	**335,534**	**408,235**
Other receivables	3,731	5,922
Loans to associates	8,420	2,420
Total trade and other receivables	**347,685**	**416,577**

(1) Restated to reflect finalisation of Primero Group Limited purchase price accounting – refer note 16.

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 expected credit losses.

The average credit period on trade receivables ranges from 30 to 75 days in most cases. In determining the recoverability of a trade receivable, the Group used the expected credit loss model as per AASB 9. The expected credit loss model requires the Group to account for expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit default to have occurred before credit losses are recognised.

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.

Age of Trade Receivables That are Past Due

Past due is defined under AASB 7 *Financial Instruments: Disclosures* to mean any amount outstanding for one or more days after the contractual due date. Past due amounts relate to a number of trade receivable balances where for various reasons the payment terms may not have been met. The expected credit losses are immaterial.

5 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Leasehold Improvements	Plant and Equipment	Total
	$'000	$'000	$'000	$'000	$'000
COST					
Balance as at 30 June 2020	**3,218**	**6,795**	**2,592**	**883,306**	**895,911**
Acquisitions through business combinations (note 16)	-	-	940	7,559	8,499
Additions	-	281	294	77,320	77,895
Transfer to intangibles	-	-	-	(377)	(377)
Disposals	-	-	-	(31,082)	(31,082)
Assets held for sale	-	-	-	(112,151)	(112,151)
Balance as at 30 June 2021	**3,218**	**7,076**	**3,826**	**824,575**	**838,695**
Additions	-	-	28	66,811	66,839
Transfer to intangibles	-	-	-	(1,963)	(1,963)
Disposals	-	-	(116)	(8,500)	(8,616)
Balance as at 31 December 2021	**3,218**	**7,076**	**3,738**	**880,923**	**894,955**
DEPRECIATION					
Balance as at 30 June 2020	**1,000**	**5,685**	**1,535**	**435,866**	**444,086**
Depreciation and amortisation expense	-	200	86	129,148	129,434
Transfer to intangibles	-	-	-	(192)	(192)
Disposals	-	-	-	(26,502)	(26,502)
Assets held for sale	-	-	-	(29,539)	(29,539)
Balance as at 30 June 2021	**1,000**	**5,885**	**1,621**	**508,781**	**517,287**
Depreciation and amortisation expense	-	103	563	48,231	48,897
Disposals	-	-	(116)	(8,027)	(8,143)
Balance as at 31 December 2021	**1,000**	**5,988**	**2,068**	**548,985**	**558,041**
CARRYING VALUES					
At 30 June 2021	**2,218**	**1,191**	**2,205**	**315,794**	**321,408**
At 31 December 2021	**2,218**	**1,088**	**1,670**	**331,938**	**336,914**

6 RIGHT-OF-USE (ROU) ASSETS

	ROU Buildings	ROU Plant and Equipment	Total
	$'000	$'000	$'000
COST			
Balance as at 30 June 2020	**48,040**	**22,603**	**70,643**
Acquisitions through business combinations (note 16)	-	2,466	2,466
Additions	4,897	943	5,840
Disposals	(1,150)	(1,928)	(3,078)
Balance as at 30 June 2021	**51,787**	**24,084**	**75,871**
Additions	7,356	394	7,750
Disposals	(1,873)	(9,274)	(11,147)
Balance as at 31 December 2021	**57,270**	**15,204**	**72,474**
DEPRECIATION			
Balance as at 30 June 2020	**6,469**	**5,898**	**12,367**
Depreciation expense	6,415	9,047	15,462
Disposals	(26)	(95)	(121)
Balance as at 30 June 2021	**12,858**	**14,850**	**27,708**
Depreciation expense	4,248	3,256	7,504
Disposals	(698)	(9,265)	(9,963)
Balance as at 31 December 2021	**16,408**	**8,841**	**25,249**
CARRYING VALUES			
At 30 June 2021	**38,929**	**9,234**	**48,163**
At 31 December 2021	**40,862**	**6,363**	**47,225**

7 INVESTMENTS IN LISTED EQUITIES

	31 December 2021	30 June 2021
	$'000	$'000
Investments at fair value through profit or loss		
Gascoyne Resources Limited (ASX: GCY)	10,527	11,081
Green Technology Metals Limited (ASX: GT1)	6,581	-
Barton Gold Limited (ASX: BGD)	1,646	1,496
Other listed equities	870	1,039
Total investments in listed equities	**19,624**	**13,616**

All equity investments in scope of AASB 9 are measured at fair value in the Consolidated 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.

8 INTANGIBLES

	Software and System Development	Patent Technology	Brand Names	Customer Relationships	Total
	$'000	$'000	$'000	$'000	$'000
COST					
Balance as at 30 June 2020	**21,142**	**9,460**	**13,929**	**45,418**	**89,949**
Transferred from property, plant and equipment	377	-	-	-	377
Additions	703	-	-	-	703
Disposals	(9,029)	-	-	-	(9,029)
Assets recognised on business combinations (note 16)	-	-	4,038	25,628	29,666
Balance as at 30 June 2021	**13,193**	**9,460**	**17,967**	**71,046**	**111,666**
Additions	233	-	-	-	233
Software under development	1,963	-	-	-	1,963
Balance as at 31 December 2021	**15,389**	**9,460**	**17,967**	**71,046**	**113,862**
AMORTISATION					
Balance as at 30 June 2020	**21,142**	**5,954**	**-**	**28,892**	**55,988**
Transferred from property, plant and equipment	192	-	-	-	192
Amortisation expense	185	3,506	-	16,701	20,392
Disposals	(9,029)	-	-	-	(9,029)
Balance as at 30 June 2021	**12,490**	**9,460**	**-**	**45,593**	**67,543**
Amortisation expense	175	-	-	5,046	5,221
Balance as at 31 December 2021	**12,665**	**9,460**	**-**	**50,639**	**72,764**
CARRYING VALUES					
At 30 June 2021	**703**	**-**	**17,967**	**25,453**	**44,123**
At 31 December 2021	**2,724**	**-**	**17,967**	**20,407**	**41,098**

9 GOODWILL

	31 December 2021	30 June 2021[(1)]
	$'000	$'000
Balance at beginning of the period	168,467	85,036
Amounts recognised from business combinations occurring during the period (note 16)	-	83,431
Balance at end of the period	**168,467**	**168,467**

Goodwill is attributable to Cash Generating Units (CGU) aggregated in the following reporting segments whose results are regularly reviewed by the Group's Chief Operating Decision Maker:

	31 December 2021	30 June 2021[(1)]
	$'000	$'000
Civil	18,513	18,513
Mining	59,858	59,858
MET	90,096	90,096
Balance at end of the period	**168,467**	**168,467**

(1) Restated to reflect finalisation of Primero Group Limited purchase price accounting – refer note 16.

10 FINANCIAL DEBT

	31 December 2021 $'000	30 June 2021 $'000
SECURED AT AMORTISED COST		
Current		
Bank loans	12,563	20,570
Equipment finance	45,920	57,912
Other	4,105	13,574
Total current financial debt	**62,588**	**92,056**
Non-current		
Bank loans	52,125	54,375
Equipment finance	65,295	115,477
Total non-current financial debt	**117,420**	**169,852**
Total financial debt	**180,008**	**261,908**

Financial debt movement reconciliation:

	6 months to 31 December 2021 $'000	12 months to 30 June 2021 $'000
Opening balance	**261,908**	**244,795**
Equipment finance assumed (through business acquisition)	-	4,736
Debts assumed (through business acquisition)	-	11,273
New equipment finance	19,922	33,197
Repayment of equipment finance	(23,210)	(60,720)
Net repayments related to sale of Boggabri assets	(63,883)	-
New financial debt	-	50,000
Net repayment of financial debt	(14,729)	(21,372)
Total financial debt	**180,008**	**261,908**

Interest Bearing Finance Facilities:

31 December 2021	Face Value (Limit) $'000	Carrying Amount (Utilised) $'000	Unutilised Amount $'000
Banking facilities(1)	125,000	64,688	60,312
Equipment finance(2)	288,819	111,215	177,604
Guarantees and insurance bonds(3)	410,151	239,112	171,039

30 June 2021	Face Value (Limit) $'000	Carrying Amount (Utilised) $'000	Unutilised Amount $'000
Banking facilities(1)	99,945	74,945	25,000
Equipment finance(2)	198,337	173,389	24,948
Guarantees and insurance bonds(3)	434,231	235,807	198,424

(1) Includes: cash advance facilities, bank guarantee facilities (reflected within guarantees and insurance bonds) and an overdraft facility.
(2) Terms range from one to five years.
(3) $10 million of the overall limit is interchangeable as an overdraft facility

11 LEASE DEBT

	31 December 2021	30 June 2021
	$'000	$'000
Opening balance	**55,924**	**65,058**
New leases through a business combination (see note 16)	-	2,576
New leases	7,749	3,813
Net repayments	(7,745)	(15,523)
Balance at reporting date	**55,928**	**55,924**
Current	16,596	13,621
Non-current	39,332	42,303
Total lease debt	**55,928**	**55,924**

12 ISSUED CAPITAL

At 31 December 2021 449,193,521 fully paid ordinary shares were on issue (30 June 2021: 449,051,657). All issued shares are fully paid and rank equally. Fully paid ordinary shares carry one vote per share and carry a right to dividends.

	6 months to 31 December 2021		12 months to 30 June 2021	
	No. '000	$'000	No. '000	$'000
FULLY PAID ORDINARY SHARES				
Balance at the beginning of the period	449,052	383,416	426,686	332,863
Issue of shares to executives	142	-	2,943	-
Issue of shares as part of business acquisition	-	-	19,423	50,553
Balance at the end of the period	**449,194**	**383,416**	**449,052**	**383,416**

13 RESERVES

	31 December 2021	30 June 2021
	$'000	$'000
Share based payment reserve		
Balance at the beginning of the financial year	**11,500**	**8,661**
Share based payment expense	1,464	2,839
Balance at the end of the reporting period	**12,964**	**11,500**
Foreign currency translation reserve	(133)	(141)
Total reserves	**12,831**	**11,359**

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

14 RETAINED EARNINGS

	Note	6 months to 31 December 2021	12 months to 30 June 2021
		$'000	$'000
Balance at the beginning of the period		**150,348**	**131,073**
Net profit attributable to members of the parent entity		44,966	54,295
Dividends paid	17	(22,453)	(35,020)
Balance at the end of the period		**172,861**	**150,348**

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

	6 months to 31 December 2021	6 months to 31 December 2020
	$'000	$'000
Profit after income tax	44,966	29,042
Depreciation and amortisation expenses	64,052	82,824
Other non-cash items	(7,618)	(10,244)
Net cash generated before movement in working capital	**101,400**	**101,622**
Net working capital movement	43,750	(9,042)
Net cash from operating activities	**145,150**	**92,580**

NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED

16 BUSINESS ACQUISITION – PRIMERO GROUP LIMITED

Details of the provisional fair values of the net assets acquired and goodwill was set in the 2021 Annual Report. The final fair values of the net assets acquired resulted in an additional $5.5 million of goodwill being recognised from the disclosed provisional values. Final adjustments 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	4,639
Trade and other receivables	35,074
Inventories	3,544
Other current assets	1,602
Total current assets	**44,859**
NON-CURRENT ASSETS	
Property, plant and equipment	8,499
Right-of-use assets	2,466
Investments in listed equities	2,536
Intangibles	29,666
Deferred tax asset	7,107
Total non-current assets	**50,274**
Total assets	**95,133**
LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	54,054
Financial debt	11,273
Lease debt	856
Provisions	2,534
Unearned revenue	2,416
Current tax liability	418
Total current liabilities	**71,551**
NON-CURRENT LIABILITIES	
Financial debt	4,736
Lease debt	1,720
Provisions	569
Total non-current liabilities	**7,025**
Total liabilities	**78,576**
Net assets acquired	**16,557**

16 BUSINESS ACQUISITION – PRIMERO GROUP LIMITED CONTINUED

Goodwill arising on acquisition

	$'000
Consideration paid in cash	49,435
Consideration paid in equity	50,553
Total consideration	**99,988**
Less fair value of identifiable net assets acquired	(16,557)
Goodwill	**83,431**

17 DIVIDENDS

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

Fully Paid Ordinary Shares	Cents Per Share	6 months to 31 December 2021	Cents Per Share	6 months to 31 December 2020
		$'000		$'000
Final dividend (FY21/FY20)	5.0	22,453	4.0	17,067

The Directors have declared an interim dividend for the half-year ended 31 December 2021 of 5.5 cents.

18 SUBSEQUENT EVENTS

Subsequent to the reporting date:

The Group declared a fully franked dividend of 5.5 cents per share.

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 consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 12 to 28.

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 2021 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.

Deloitte.

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.

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 2021 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, 16 February 2022

APPENDIX 4D

For the half-year ended 31 December 2021

Provided below are the Results for Announcement to the Market in accordance with ASX Listing Rule 4.2A.3 and Appendix 4D for NRW Holdings Limited and its controlled entities for the half-year ended 31 December 2021.

	% Change up / (down)	6 months to 31 December 2021 $'000	6 months to 31 December 2020 $'000
Revenues from ordinary activities	(2%)	1,115,387	1,137,698
Profit from ordinary activities after tax attributable to members	55%	44,966	29,042
Total Comprehensive Income	55%	44,966	29,042
INTERIM DIVIDEND			
Date dividend is payable		7 April 2022	8 April 2021
Record date to determine entitlements to dividend		22 March 2022	23 March 2021
Interim dividend payable per security (cents)		5.5	4.0
Franked amount of dividend per security (cents)		5.5	4.0
RATIOS AND OTHER MEASURES			
Net tangible asset backing per ordinary security		$0.80	$0.87

Commentary on the Results for the half-year

Commentary on the results for the reporting period is contained within the accompanying Interim Financial Report. It is recommended that the report is read in conjunction with the Annual Financial Report for the year ended 30 June 2021.

Status of Accounts

This statutory financial report is based on accounts that have been subject to a review by the auditor of the Company.

NRW Holdings Limited - ACN 118 300 217