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NRW delivers Net Profit after Tax of $15.3m for first half

Financial and Operational Highlights

- Record Operating Revenue of $268.28 million
- EBITDA of $37.96 million, 14.15% of revenue
- EBIT of $25.78 million, 9.61% of revenue
- Net profit after tax of $15.30 million, 5.70% of operating revenue
- Dividend of 3.0c per share to be paid 31 March 2010
- Significant Project wins during the period
    - Western Turner Syncline (Rio Tinto)
    - RGP5 Variation (BHP)
    - Gindalbie Earthworks & Concrete Package
- Record order book of $720m

	1HY 10 Actual	1HY 09 Actual	% Change
$ millions	***Statutory***	***Statutory***	
Total Revenue	**$275.63**	**$ 269.57**	2.2%
EBITDA	37.96	43.10	(11.9)%
EBIT	25.78	32.88	(21.6)%
Net profit after tax	15.30	19.83	(22.8)%

Mr Jeff McGlinn, Managing Director and CEO of NRW Holdings Ltd, said "NRW is pleased to have delivered a strong result given the competitive environment experienced during the last twelve months. We have managed to win significant long term contracts with our existing customers and also been able to secure large contracts with new customers. As spare capacity is taken up in the market with many new projects coming on stream, we would expect margins to recover over time."

NRW Civil and Mining

NRW's record first half revenue was driven by the performance of both the Civil and Mining Divisions. Total revenue for the combined Divisions increased by 3.73% to $258.98m compared to the previous half year result of $249.67m.

The key drivers for growth in the civil division were contract awards for RGP5 South section (BHPB) and Cape Preston (Citic Pacific). Further growth is expected as tendering activity has become robust following a difficult period experienced in 2009.

Margins were affected by contracts awarded early in 2009, due to a competitive tendering environment. Tendering margins are expected to improve in the future with spare capacity exiting the industry as new capital works commence both in Australia and internationally.

The Mining Division continues to perform well with operations being undertaken at Bootu Creek (OM Holdings), Christmas Creek (FMG), Hope Downs, Simandou and Tom Price and the newly awarded contract at Western Turner Syncline. (Rio Tinto)

Promac Sales Pty Ltd

Promac has completed the transition to a sales only business with equipment (previously hired internally) being transferred to NRW Civil & Mining.

The subsidiary now derives its revenue from the sale of lighting towers, generators, tyres, spare parts and service/water trucks.

Demand for lighting towers, generators, water and service trucks increased due to intensive marketing efforts and brand awareness together with increased demand as a result of major projects coming on stream, however supplier delays impacted the sales of lighting towers during the second quarter.

Action Mining Services Pty Ltd

Action Mining Services continues to perform well in the context of prevailing market conditions with half yearly results ahead of expectations.

In addition to external revenue, Action continues to compliment NRW's Civil, Mining and Equipment sales divisions with cost synergies due to access to Action's extensive workshop facilities.

Action Mining's fabrication Division is experiencing increased demand for water and service trucks and has recently secured a contract to manage quarantine works for several contractors engaged on the environmentally sensitive Gorgon project..

Operating Cash Flow and Capital Expenditure

$ millions	**1HY 10 Actual**	**1HY 09 Actual**
Operating cash flow	15.19	65.42
Capital Expenditure		
Maintenance	7.43	2.00
Growth	26.36	13.32
Total Capex	**33.79**	**15.32**

Operating cash flow for the six months ending 31 December 2010 was $15.19 million. The lower half year net operating cash compared to 1HY09 partly reflects the competitive margins of contracts awarded in the 2009 year and debtor day's slippage at end of the period.

Capital expenditure for the first half of the financial year was $33.79 million and was primarily driven by new projects as well as strategic purchases of equipment, heavily discounted due to the GFC providing the opportunity to augment fleet assets.

Balance sheet and Gearing

$ millions	31 Dec 2009	30 Jun 09
Assets		
Cash	14.47	20.60
Property, plant and equipment	145.81	125.92
Other assets	187.06	165.26
Total assets	**347.34**	**311.78**
Current liabilities		
Interest bearing liabilities	43.95	34.72
Other current liabilities	109.76	108.11
Non current liabilities		
Interest bearing liabilities	35.57	26.10
Other non current liabilities	1.30	0.60
Total liabilities	**190.58**	**169.53**
Net assets	**156.76**	**142.25**
Shareholders equity	**156.76**	**142.25**
EBIT / net interest	6.21x	7.23x
Net debt / (Net debt + equity)	29.33%	22.04%

Interest bearing liabilities increased in the first half of FY10 in line with the purchase of capital equipment related to projects. The company also undertook a strategic review of assets resulting in the opportunistic purchase of equipment that had become surplus in the market due to the downturn. The assets purchased were immediately employed to generate revenue.

In January 2010, NRW successfully renegotiated lending facilities increasing borrowing thresholds from $85m to $100m. The increase in borrowing capacity provides the company with a solid foundation upon which to be able to bid upon projects in the current pipeline.

Interim Dividend

A fully franked interim dividend of 3.0 cents per ordinary share has been declared by the Board. The dividend will be paid on 31 March 2010 on shares registered at 5.00pm on 3 March 2010.

Outlook

The Board and Management of NRW Holdings Ltd are committed to the key initiatives for the business focusing on solid revenue growth, developing the company's order book, to expand the portfolio of clients and commodities, maintain low gearing levels and strengthening margins.

The Group continues to expand its expertise across the company's divisions, focusing upon project execution and diversifying its tendering program.

This has been evidenced by the award of the contract for concrete works at Gindalbie and deployment of the company's internal fleet of drill rigs on the Western Turner Syncline Project.

As announced to the Market on February 10, 2010, the group remains confident of revenue growth increasing 20% over FY 2009 and the full year after tax profit will be in the range of $33 - $38 million.

NRW's Directors and management remain positive on the outlook into 2011, with the tendering pipeline standing at $2 billion and with recent significant contract awards, the company's forward order book stands at a record $720 million.

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