nomad

building solutions limited

Annual Report

30 June 2011

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building solutions limited

ANNUAL REPORT – 30 JUNE 2011

Appendix 4E – Lodged with ASX under listing rule 4.3A

CONTENTS

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PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2011

APPENDIX 4E

Results for Announcement to the Market

			$'000
Revenue from continuing operations	↓18.7%	to	175,139
Profit from continuing operations after tax, (before goodwill impairment)	↓20.3%	to	(9,180)
Profit from continuing operations after tax (and goodwill impairment)	↑ 68.9%	to	(19,180)
Net profit/(loss) attributable to members of Nomad Building Solutions Limited	↑ 68.6%	to	(20,024)

Dividends	Amount per Security	Franked Amount per Security
Final dividend	Nil	Nil
Previous corresponding period	Nil	Nil

Payment date of dividend	N/A	N/A
Record date for determining entitlements to the dividend		N/A
Date for receipt of dividend reinvestment plan notices		N/A

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Nomad Building Solutions Limited (Company) and the entities it controlled at the end of, or during, the year ended 30 June 2011.

Directors
The following persons were directors of Nomad Building Solutions Limited during the whole of the financial year and up to the date of this report:

Peter Graham Abery was a non-executive director until 29 November 2010 when he was appointed non-executive Chairman.

David Anthony Craig was appointed as a non-executive director on 29 November 2010.

David John Franklyn was appointed as a non-executive director on 10 January 2011.

Michael James Bourke was appointed Managing Director on 19 July 2010.

Richard Lennox Blair was executive Chairman until 19 July 2010, from which date he reverted to the role of non-executive Chairman until his resignation on 29 November 2010.

Peter John Slaughter was a non-executive director until his resignation on 31 December 2010.

Alan John Thomas was an executive director until he stood down from the Board on 25 August 2010 and resigned from the Company effective 3 September 2010.

Principal activities
During the year the principal activities of the Group consisted of:

- continuing the manufacture of modular transportable buildings, project management and installation; and
- construction and property development management.

Dividends – Nomad Building Solutions Limited
Dividends paid to members during the financial year were as follows:

	2011	2010
	$'000	$'000
Final ordinary dividend for the year ended 30 June 2010 of nil (2009: 2.5 cents paid on 23 October 2009) per fully paid share	**-**	3,432
	-	3,432

No dividend has been declared since the end of financial year.

Review of operations
The Group reported a net loss after tax before all impairment of intangible assets of $9.3m from continuing operations for the year ended 30 June 2011. This is an improvement of 19% compared with the previous year's net loss after tax before impairment of intangible assets of $11.5m. The continued improvement in the Company's performance is reflected in the second half's loss from continuing operations before impairment of $1.2m compared with the first half's results of a loss of $8.1m.

After allowing for all impairment charges after tax booked at 30 June 2011 of $10.0m, and a loss from discontinued operations of $0.9m, the statutory net loss after tax for the year ended 30 June 2011 was $20.2m.

Directors' Report (continued)

Key Points

- Revenue from continuing operations decreased by 18.7% to $175m.
- Earnings per share (EPS), from continuing operations before impairment losses, improved by 55% to negative 4.2 cents.
- No dividend has been declared in relation to earnings for the year ended 30 June 2011 (2010:nil).
- Impairment charges against goodwill totalled $10.0m.
- Borrowings have been reduced by approximately 50% to $14.6m at end of June 2011 compared to $26.8m at the end of June 2010 (including lease liabilities which have reduced to $1.56m from $11.8m).
- Borrowing expenses have reduced by approximately one third to $2.1m from $3.0m.
- Corporate and overhead expenses have reduced by approximately 50% to $4.2m from $8.4m.
- Cash has increased by nearly 50% to $17.0m from $8.8m.

Summary of Results from Continuing Operations (before impairment charges against goodwill):

	FY2011	FY2010	Change from FY10 $m	Change from FY10 %
Revenue ($m)	175.1	215.4	↓ 40.3	(19)
EBITDA ($m)	(4.7)	(1.7)	↓ 3.0	(176)
EBIT ($m)	(11.0)	(13.2)	↑ 2.2	17
NPAT ($m)	(9.3)	(11.5)	↑ 2.2	19
EPS - basic (cents)	(4.2)	(9.4)	↑ 5.2 c	55
Dividends per share, fully franked (cents)	Nil	Nil	Nil	Nil

Review of Continuing Operations Year ended 30 June 2011, first half vs second half

	1st Half	2nd Half	Change H1 to H2 $m	Change H1 to H2 %
Revenue ($m)	101.3	73.8	↓ 27.5	(27)
EBITDA ($m)	(7.1)	2.4	↑ 9.5	134
EBIT ($m)	(10.3)	(0.6)	↑ 9.7	94
NPAT ($m)	(8.1)	(1.2)	↑ 6.9	85

It was a difficult environment for the Group over the past financial year. The operating environment remains highly competitive following the global financial crisis, resulting in lower tender margins, and lower volumes of work across the Group. Secondly, the previously reported issues resulting from historical contracts continued to negatively impact results in the year ended 30 June 2011.

The Group generated net cash flows from operating activities of $9.0m during the year.

The Group had a net cash position of $2.5m (2010: net debt of $18.0m) and shareholders' equity of $47.8m at 30 June 2011.

Due to the Group's performance, no dividends have been declared in relation to these results.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

	2011 $'000
Issue of 20,420,486 fully paid ordinary shares under a share issue	2,450
Issue of 118,919,867 fully paid shares under a rights issue	11,892
Transaction costs of equity raising	(1,236)
Net cash raised from equity raising	13,106
Income tax on transaction costs	371
Net increase in contributed equity	13,477

Directors' Report (continued)

Matters subsequent to the end of the financial year

On 10 August 2011 the Company announced the establishment of a manufacturing agreement with Austal Ltd. The agreement provides Nomad Modular with an opportunity to manufacture and assemble some of its modular buildings in Austal's state-of-the-art manufacturing facility, located in the Henderson based, Australian Marine Complex.

On 30 August 2011 the Group signed the formal documentation to extend its banking facility with Westpac Banking Corporation to 31 August 2012.

No other matters or circumstances have arisen since 30 June 2011 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years;
(b) the results of those operations in future financial years; or
(c) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

The Group will continue to pursue its policy of increasing the profitability of its businesses within its market sectors, and to look for growth opportunities within these sectors.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to unreasonably prejudice the Group.

Environmental regulation

The protection of the environment is an extremely important aspect within the Group's operations and a necessary element of good corporate citizenship.

The Group is committed to implementing systems and procedures to facilitate the adoption and maintenance of sound environmental management and operating practices and to ensure the continual improvement of environmental performance.

The Group's environmental management system will operate to maintain a formalised method of control and minimise the environmental impact of all of the Group's activities.

The Group's environmental objectives, within the bounds dictated by regulatory compliance, are to:

- Establish and maintain environmentally responsible waste management and waste disposal.
- Improve the efficiency of energy use.
- Minimise harm to flora and fauna.
- Store all materials in a manner that reduces their potential release to the atmosphere, soil or water.
- Reduce the potential for environmental harm in emergency situations by responding effectively to any emergency using trained personnel and formalised emergency plans.
- Ensure that subcontractors and suppliers conform to relevant requirements of our environmental management system.
- Promote the adoption of sound environmental practices by all personnel through the improvement of overall environmental awareness.

The Group will continue to provide the resources required to achieve effective environmental management, and by doing so give both the Group's clients and the community an assurance of their sound environmental performance.

Directors' Report (continued)

Environmental regulation (continued)

National Greenhouse and Energy Reporting Act (NGER)

The Group continues to monitor legislative developments and energy usage to ensure it complies with the requirements of the Act. The Group is currently not registered under the Act.

Carbon Pollution Reduction Scheme (CPRS)

The Group will continue to monitor legislative developments, including the proposed carbon tax, and carbon emissions to ensure it complies with the requirements of the legislation.

Information on directors

Mr Peter Abery. *Independent Chairman - non-executive Director.* Age 63

Experience and expertise

Mr Abery has a Bachelor and a Masters degree in Engineering (Electrical Engineering) and a Masters of Business Administration. He is a Fellow of the Australian Institute of Company Directors, a member of the Institute of Engineering and Technology, and a graduate of the Harvard Business School's International Senior Managers Program. Mr Abery has extensive experience as a director and executive, and has held senior management roles including CEO and Managing Director of such companies as HPM Industries, Crown Castle UK, Crown Castle Australia, Vodafone Network and QPSX Communications. He also held senior management/director positions in Telstra. Mr Abery was appointed Chairman of the Board on 29 November 2010. Mr Abery is also the non executive Chairman of the unlisted companies Vesco Foods Pty Ltd and Salter Australia Holdings Pty Ltd, and a non-executive director of Australian Convenience Foods Pty Ltd..

Other current directorships (of listed entities)

pieNetworks Limited (until 26 July 2011)

Former directorships in the last 3 years

Norfolk Group Limited (until 4 August 2010)

Interest in shares and options

Mr Abery has an interest in 750,000 shares in the Company

Special responsibilities

- Member of the Audit and Risk Management Committee.
- Chairman of the Nomination and Remuneration Committee.

Information on directors (continued)

Mr David Craig. ***Independent non-executive Director*****. Age 55**

Experience and expertise
Mr Craig is an experienced director, businessman and lawyer, who has held and holds executive and board positions in the fields of law, mining, construction, mining services, financial services and the oil and gas industry as well as with professional bodies and not-for-profit organisations. As a partner of a major Perth law firm he specialised in resources and commercial legal advice, which included work on resources joint ventures, the acquisition and disposal of interests in companies and projects, and capital raisings by companies. This was followed by ten years in the financial services industry as a stockbroker and an executive director in a national stockbroking and investment banking company. Mr Craig then spent five years working with Woodside Petroleum Ltd in an executive position in the field of public and government affairs. Currently he is Chairman of Southern Hemisphere Mining Limited and Gunson Resources Limited, Deputy Chairman of Moly Mines Limited and a non-executive Director of Forge Limited.

Other current directorships (of listed entities)
Moly Mines Limited – Deputy Chairman
Southern Hemisphere Mining Limited - Chairman
Gunson Resources Limited – Chairman, (appointed 8 March 2011)
Forge Group Limited - (appointed 8 March 2011)

Former directorships in the last 3 years
United Minerals Corporation NL, (resigned 18 February 2010)
ADG Global Supply Limited, (resigned 31 July 2010)
Entek Energy Ltd, (resigned 25 November 2010)

Interest in shares and options
Mr Craig has an interest in 200,000 shares in the Company

Special responsibilities
- Chairman of the Audit and Risk Management Committee.
- Member of the Nomination and Remuneration Committee.

Mr David Franklyn. ***Independent non-executive Director*****. Age 47**

Experience and expertise
Mr Franklyn is Chairman of Calzada and its 100% owned subsidiary PolyNovo Biomaterials Pty Ltd and has held that title since 16 April 2009.
Mr Franklyn holds an Economics degree from the University of Western Australia and has completed the Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia, now FINSIA.
Mr Franklyn has been involved in the financial services industry for over twenty years. He has extensive experience in the financial analysis of companies, funds management, corporate finance, business management and investor relations. His previous roles include being Head of Research for a national stockbroker and General Manager Corporate Communications for an ASX 200 company.
Mr Franklyn is currently Managing Director of Entrust Funds Management Ltd, a Western Australian based boutique funds management business.

Other current directorships (of listed entities)
Calzada Ltd - Chairman

Directors' Report (continued)

Information on directors (continued)

Mr David Franklyn. ***(continued)***

Former directorships in the last 3 years
Mr Franklyn resigned as director of GoldLink Income Plus on 27 March 2009

Interest in shares and options
As Managing Director of Entrust Funds Management Ltd, Mr Franklyn has a beneficial interest in 12,010,390 shares in the Company

Special responsibilities
- Member of the Audit and Risk Management Committee.
- Member of the Nomination and Remuneration Committee.

Mr Michael Bourke. ***Managing Director*****. Age 48**

Experience and expertise
Mr Bourke has 25 years experience managing regional projects and assets across Australia and Canada, holding senior positions in WMC Nickel, Iluka, Emeco and most recently undertaking a study for Queensland Alumina Ltd around cogeneration capability options, gas supply and electricity marketing. Mr Bourke has Engineering and Economics degrees from the University of Queensland and an MBA from Deakin University. Mr Bourke previously held the position of Industry Director Mining with AECOM, a leading global engineering and project delivery company, where he played a pivotal role in winning Mine Infrastructure Asset projects both in Australia and internationally. Mr Bourke has also held the position of President for Emeco Canada where he developed a mining fleet rental business operating in remote Western Canada.

Other current directorships (of listed entities)
None

Former directorships in the last 3 years
None

Interest in shares and options
Mr Bourke has an interest in 270,000 shares and 4,000,000 options in the Company

Special responsibilities
- Managing Director.

Directors' Report (continued)

Company Secretary
The Group has two company secretaries.

Mr Andrew Sturcke

Mr Sturcke has 25 years experience in accounting, finance and commercial roles within engineering and construction, contracting services and resources industries. Mt Sturcke has previously been employed as General Manager Finance and Administration – Mining Services Division for BIS Industrial Logistics, Financial Controller for Burns and Worley and General Manager Finance and Administration WA for the United Group. Andrew is a qualified CPA, and was appointed as Chief Financial Officer and Company Secretary of Nomad Building Solutions Limited in June 2011.

Mr Paul Robinson

Mr Robinson has over 17 years experience as in accounting and finance roles in medium to large listed and unlisted companies. Mr Robinson was employed by Rio Tinto Minerals for a period of 4 years, during which time he was appointed Company Secretary of Dampier Salt Limited and Luzenac Australia Limited. Mr Robinson is the Company's Group Financial Controller and was appointed Company Secretary of the Company and its subsidiaries in June 2010.

Meetings of directors
The number of meetings of the Company's Board of directors and of each Board committee held during the year ended 30 June 2011, and the number of meetings attended by each director were as follows:

	Full meetings of Board		Audit and Risk Management		Nomination and Remuneration	
	A	B	A	B	A	B
P G Abery	29	29	5	5	2	2
R L Blair	15	16	2	2	-	-
P J Slaughter	18	19	1	2	-	-
M J Bourke	24	25	*	*	*	*
A J Thomas	3	7	*	*	*	*
D J Franklyn	10	10	3	3	2	2
D A Craig	13	13	3	3	2	2

A = Number of meetings attended.
B = Number of meetings held during the time the director held office or was a member of the Committee.
* = Not a member of the relevant Committee.

Retirement, election and continuation in office of directors

Mr Alan Thomas resigned from the Board on 25 August 2010. Mr Richard Blair ceased his role of acting executive Chairman on 19 July 2010, and reverted to the role of non-executive Chairman until his resignation on 29 November 2010. Mr Michael Bourke was appointed Managing Director on 19 July 2010. Mr Peter Abery was appointed non-executive Chairman on 29 November 2010. Mr David Craig was appointed non-executive director on 29 November 2010. Mr David Franklyn was appointed non-executive director on 10 January 2011.

Directors' Report (continued)

Corporate Governance Statement

The Board of Nomad Building Solutions Limited and its controlled entities are committed to achieving and demonstrating the highest standards of corporate governance. A periodic review of the Company's corporate governance framework is conducted to ensure compatibility with the best practice recommendations released by the Australian Securities Exchange ('ASX') Corporate Governance Council. The Company's framework is largely consistent with the recommendations. The Company and its controlled entities together are referred to as the Group in this statement.

The relationship between the Board and senior management is critical to the Group's long term success. The directors are responsible to the shareholders for the performance of the Company in both the short and longer term, and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives.

A description of the Company's main corporate governance practices is set out below. These practices were adopted prior to listing on the Australian Securities Exchange (ASX) in October 2006. The corporate governance policies are available on the Company's website: www.nomadbuildingsolutions.com.au.

THE BOARD OF DIRECTORS
The Board of Directors takes ultimate responsibility for corporate governance and operates in accordance with the following board principles.

Board composition

- The Board should comprise between 3 and 9 directors.
- The Board is to be comprised of both executive and non-executive directors with a majority of non-executives. Non-executive directors bring a fresh perspective to the Board's consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management.
- In recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chairman must be an independent non-executive director, the majority of the Board must be independent of management and all directors are required to bring independent judgement to bear in their Board decision-making.
- The Chairman is elected by the full Board and is required to meet regularly with the Managing Director.
- The Company is to maintain a mix of directors on the Board from different backgrounds with complementary skills and experience.
- The Board undertakes an annual Board performance review and considers the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

Mr Rick Blair was executive Chairman and Acting Managing Director from 12 January 2010 until 19 July 2010 resulting in the Chairman fulfilling an executive role for a period of approximately six months while a new Managing Director was recruited. This position ceased with the appointment of Mr Michael Bourke as Managing Director on 19 July 2010 with Mr Rick Blair resuming his position as non-executive Chairman of the Board, until his resignation on 29 November 2010.

The Chief Financial Officer and the Company Secretary attend board meetings except when non-executive director meetings are held or when matters associated with senior employee performance are being discussed. Mr Andrew Sturcke attends board meetings in the capacity of both Chief Financial Officer and Company Secretary.

Directors' Report (continued)

Corporate Governance Statement (continued)

Responsibilities

The responsibilities of the Board include:

- providing strategic guidance to the Company including contributing to the development of and approving the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring:
  - organisational performance and the achievement of the Group's strategic goals and objectives; and
  - progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments;
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors;
- appointment, performance assessment and, if necessary, removal of the Managing Director;
- ratifying the appointment or removal and contributing to the performance assessment for the members of the senior management team including the Group's Chief Executive Officer, the Chief Financial Officer and the Group's General Managers;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation; and
- overseeing the operation of the Group's system for compliance and risk management reporting to shareholders.

To assist in fulfilling its responsibilities, the Board has an Audit and Risk Management Committee and a Nomination and Remuneration Committee.

Board members

Details of the members of the Board, their experience, expertise, qualifications and term of office are set out in the Directors' Report under the heading "Information on directors". The Board currently comprises three non-executive directors and one executive director. Under the director independence guidelines below, Mr Franklyn is not considered an independent director. At the date of signing the Directors' Report under the principles set out below, the Board does not have a majority of independent directors in accordance with the ASX Corporate Governance Council's best practice recommendations. The Group is currently in the process of recruiting a fourth non-executive and independent director so that it is compliant with these guidelines.

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Group and directors with an external or fresh perspective; and
- the size of the Board is conducive to effective discussion and efficient decision-making.

Directors' independence

The Board has adopted specific principles in relation to directors' independence. These state that to be deemed independent, a director must be a non-executive and:

- not be substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years, not have been employed in an executive capacity by the Company or any other Group member (other than in a temporary capacity), or been a director after ceasing to hold any such employment;
- within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or any employee materially associated with the service provided;

Corporate Governance Statement (continued)

Directors' independence (continued)

- not be a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- must have no material contractual relationship with the Company or a controlled entity other than as a director of the Group;
- not have been on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interest of the Company; and
- be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. A transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.

Non-executive directors

The non-executive directors meet at least twice during the year, without the presence of management, to discuss the operation of the Board and a range of other matters. Relevant matters arising from these meetings are shared with the full Board.

Term of office

Directors are initially appointed by the full Board, subject to election by shareholders at the next annual general meeting. One third of members of the Board, excluding the Managing Director, retire by rotation at every annual general meeting of the Company.

Chairman and Managing Director

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and ensuring the Board has open access to the Company's senior executives.

The Managing Director is responsible for implementing Group strategies and policies. The roles of Chairman and Managing Director are ideally separate roles to be undertaken by separate people. Following the resignation of Mr A Thomas as Managing Director on 12 January 2010, Mr R Blair was appointed Acting Managing Director, while retaining the position of Chairman, until a new Managing Director was appointed. Mr M Bourke was appointed Managing Director on 19 July 2010, at which time Mr R Blair ceased acting as Managing Director and reverted to a non-executive role as Chairman until his resignation on 29 November 2010.

Commitment

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2011, and the number of meetings attended by each director, is disclosed on page 8.

Prior to appointment, each non-executive director is required to specifically acknowledge that they have, and will continue to have, the time available to discharge their responsibilities to the Company.

Conflict of interests

Entities connected with Mr A J Thomas and the wife of Mr M B Brockbank had business dealings with the Group during the year, as described in note 26 to the financial statements. The property lease continued to operate under previous arrangement while Mr Thomas was a key management person. The building contract with Mr M B Brockbank's wife was on standard terms for Rapley building contracts.

Directors' Report (continued)

Corporate Governance Statement (continued)

Independent professional advice

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Performance assessment

The Board undertakes an annual review of its collective performance, the performance of the Chairman and of its Committees.

Corporate reporting

The Managing Director and Chief Financial Officer are required to make the following declaration to the Board in relation to six monthly and annual financial statements:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards.

Board Committees

To assist in the execution of its duties and to allow detailed consideration of complex issues, the Board has established the following Committees:

- Audit and Risk Management; and
- Nomination and Remuneration.

The Committees are comprised entirely of non-executive directors. The committee structure and membership is reviewed on an annual basis.

Each Committee has its own role and responsibilities, structure, membership requirements and method of operation. All matters determined by Committees are submitted to the full Board as recommendations for Board decision.

Minutes of Committee meetings are tabled at the immediately subsequent Board meeting.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of the following directors:

P G Abery (Chairman)
D A Craig
D J Franklyn

Details of the qualifications and attendance at Nomination and Remuneration Committee meetings are set out in the Directors' Report on pages 5 to 8. All members of the Committee are non-executive directors with a majority to be independent directors in accordance with principles detailed on page 10 to 11. A former member Mr Blair stood aside as a member of the Nomination and Remuneration Committee during his term as executive Chairman.

A main responsibility of the Nomination and Remuneration Committee is to advise the Board on remuneration and incentive policies and practices generally, and make specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Committee members obtain relevant comparative information and seek independent advice on recent developments on remuneration and related matters. The Committee ensures compliance with the established remuneration framework of the Company. Further details and information on directors' and executives remuneration is set out in the Directors' Report under the heading "Remuneration Report".

The Nomination and Remuneration Committee's responsibilities include the review of any transactions between the organisation and the directors or any interest associated with the directors to ensure the structure and the terms of the transactions are in compliance with the *Corporations Act 2001* and are appropriately disclosed. Further information on related party transactions are set out in notes 26 and 30 to the financial statements.

Corporate Governance Statement (continued)

Directors' Report (continued)

NOMINATION AND REMUNERATION COMMITTEE (continued)

The Committee's responsibilities extend to ensuring that there is a formal process in place for selecting and appointing new directors and key executives and that the process is transparent. Prior to identifying an individual for nomination for directorship, the Committee must evaluate the range of skills, experience and expertise currently existing on the Board to ensure that the Committee identifies the particular skills, experience and expertise that will most effectively complement the Board's current composition.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee consists of the following non-executive directors

D A Craig (Chairman)
P G Abery
D J Franklyn

Details of these directors' qualifications and attendance at Audit and Risk Management Committee meetings are set out in the Directors' Report on pages 5 to 8. All members of the Committee are non-executive directors with a majority being independent directors in accordance with principles detailed on pages 10 to 11. A former member Mr Blair stood aside as a member of the Audit and Risk Committee during his term as executive Chairman.

The Audit and Risk Management Committee has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the industries in which the Group operates.

The main responsibilities of the Committee are to:

- review, assess and approve the annual full report, the half-year financial report and all other financial information published by the Company or released to the market;
- assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
  - effectiveness and efficiency of operations;
  - reliability of financial reporting; and
  - compliance with applicable laws and regulations;
- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance;
- consider the independence and competence of the external auditor on an ongoing basis;
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence;
- review and monitor related party transactions and assess their propriety; and
- report to the Board on matters relevant to the Committee's role and responsibilities.

In fulfilling its responsibilities, the Audit and Risk Management Committee:

- receives regular reports from management and the external auditors;
- meets with the external auditors at least twice a year or more frequently if necessary;
- reviews the processes the Managing Director and Chief Financial Officer have in place to support their certifications to the Board;
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved;
- meets separately with the external auditors at least twice a year without the presence of management; and
- provides the external auditors with a clear line of direct communication at any time to either the Chairman of the Audit and Risk Management Committee or the Chairman of the Board.

The Audit and Risk Management Committee has authority, within the scope of its responsibilities, to seek information it requires from any employee or external party.

EXTERNAL AUDITORS

The Company and Audit and Risk Management Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. BDO Audit (WA) Pty Ltd was appointed as the external auditor in 2006. It is BDO Audit (WA) Pty Ltd policy to rotate audit engagement partners on listed companies at least every five years, and in accordance with that policy, a new audit engagement partner has been introduced for the year ended 30 June 2011.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in note 27 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit and Risk Management Committee.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

RISK ASSESSMENT AND MANAGEMENT

The Board, through the Audit and Risk Management Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. These policies are available on the Company website. In summary, the Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. The Board actively promotes a culture of quality and integrity.

Detailed control procedures cover financial reporting, management accounting, project appraisal, environment, health and safety, IT security, compliance and other risk management issues.

The Managing Director develops an annual business plan to focus on the identification of the key business and financial risks which could prevent the Company from achieving its objectives. The Board is responsible for the review of the Group's strategic direction.

CODE OF CONDUCT FOR DIRECTORS AND EMPLOYEES

The Board has developed and approved a Code of Conduct (the Code) which applies to all directors and employees. The Code will be regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

The objective of the Code is to ensure that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies. A copy of the Code is available on the Company's website: www.nomadbuildingsolutions.com.au.

CODE OF CONDUCT COVERING OBLIGATIONS TO STAKEHOLDERS

The Board has established a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders. This code deals with the following principal areas:

- responsibilities to shareholders;
- responsibilities to clients, customers and consumers;
- employment practices;
- obligations relative to fair trading and dealing;
- responsibilities to the community;
- compliance with legislation affecting its operations;
- compliance with the code; and
- compliance with the Group's OH&S policies

TRADING IN COMPANY SECURITIES

The Company has a securities trading policy for directors and executives. The policy requires directors and executives to obtain the approval of two directors, preferably the Chairman and Managing Director, if they intend to trade in securities of the Company.

No trading is permitted if the person is aware of any price sensitive information. A director or executive of the Company may only trade in Company securities at the following times:

- one day to six weeks following the release of the half year financial results to the ASX;
- one day to six weeks following the release of the Company's preliminary full year financial results;
- one day to six weeks following the Annual General Meeting of the Company;
- at any time the Company has an offer under a prospectus open; or
- at any other time the Board declares trading permissible in a written note to all directors and executives to whom this policy applies and the ASX.

The details of any transactions must be provided to the Company Secretary.

Other employees are free to trade in the Company's securities unless they are aware of, or in possession of, any price sensitive information. Employees are required to obtain confirmation from the Managing Director or the Company Secretary if they have any doubt whether they are able to trade in the Company's securities.

The prohibitions extend to the related entities and families of the restricted person.

CONTINUOUS DISCLOURE AND SHAREHOLDER COMMUNICATION

The Company has policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings.

The Company hosts group and one-on-one briefings for institutional investors and analysts to discuss information previously released to the market and to provide background information to assist analysts and institutions in their understanding of the Company's business. The briefings are generally conducted by the Managing Director and the Chief Financial Officer.

The Managing Director and the Chief Financial Officer will correct factual inaccuracies or historical matters when reviewing analysts' reports. The Company will not provide price sensitive information or earnings guidance unless it has previously been disclosed to the market.

The Company Secretary has been nominated as the person responsible for communications with the ASX. The role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX.

All shareholders are entitled to receive a copy of the Company's annual reports. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. This includes making all Company announcements, media briefings, details of Company meetings, press releases and financial reports available on the Company's website: www.nomadbuildingsolutions.com.au.

REMUNERATION REPORT

The Remuneration Report is set out under the following main headings:
A. Principles used to determine the nature and amount of remuneration.
B. Details of remuneration.
C. Service agreements.
D. Share based compensation.
E. Additional information.

The information provided in this Remuneration Report has been audited as required by Section 308(3c) of the *Corporations Act 2001*.

A. Principles used to determine the nature and amount of remuneration

The Group's remuneration structure takes the following into account:

- the capability and experience of the directors and senior executives;
- the senior executives' ability to control the relevant division's performance;
- the Group's performance including:
  - the Group's earnings; and
  - the growth in share price and returns on shareholder investment;
- the amount of incentives (if any) within each directors and senior executive's remuneration; and
- the complexity and challenges of particular roles.

Remuneration levels are competitively set to attract qualified and experienced directors and senior executives and are reviewed on an annual basis. The Group currently has in place a three tiered remuneration approach, the elements of which are:

- an annual remuneration package;
- short-term incentives in the form of bonuses; and
- long-term incentives in the form of an option scheme for certain senior executives, the details of which are included in this Report.

When considering such incentives, the Board ensures that executive reward satisfies the following criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- individual circumstances;
- transparency; and
- capital management.

The Group has in place short-term and long-term incentive plans for other senior executives that are formulated around the same principles outlined above. The Group's overall remuneration framework provides a blend of fixed and variable pay and of short and long term incentives.

Directors

Non-executive directors
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees are reviewed annually by the Board. When setting fees and other compensation for non-executive directors, the Board takes independent advice and applies Australian benchmarks. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Non-executive directors currently do not receive share options or shares as part of their remuneration.

Directors' Report (continued)

REMUNERATION REPORT (Continued)

Directors' fees

The current base remuneration, of $68,000 including superannuation, was reviewed with effect from 1 June 2008 using data sourced from an external consulting group, and has not increased since then. The Chairman's remuneration is inclusive of committee fees while other non-executive directors who chair a committee receive additional yearly fees. Non-executive directors who serve on more than two committees may also receive additional fees, if they are not a committee chair.

Non-executive director's fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum pool currently stands at $400,000 per annum and was approved by shareholders on 25 September 2006. There are no plans to increase this pool within the next financial year.

Payment for extra services

A director called upon to perform extra services or undertake any executive or other work for the Group beyond his or her general duties, may be remunerated either by a fixed sum or a salary as determined by the Board. This is normally in addition to the director's usual remuneration provided. However depending on the nature and term of a non-executive director taking over an executive role, a director may, with the approval of the Nomination and Remuneration Committee have their fixed fees suspended and replaced with a salary or other fixed sum.

Effect of cessation of office

Under the Company's Constitution, with the approval of the Company in a general meeting, the directors may, upon a director ceasing to hold office or at any time after a director ceases to hold office whether by retirement or otherwise, pay to the former director or, in the case of death any of the legal personal representatives or dependents of the former director, a lump sum in respect of past services of the director of an amount not exceeding the amount either permitted by the *Corporations Act 2001* or the ASX Listing Rules.

The Company may contract with any director to secure payment of the lump sum to the director, his or her legal personal representatives or dependants or any of them, unless prohibited by the *Corporations Act 2001* or the ASX Listing Rules.

Financial benefit

A director must ensure that the requirements of the *Corporations Act 2001* are complied with in relation to any financial benefit given by the Company to the director or to any other related party of the director.

The Company must not make loans to directors or provide guarantees or security for obligations undertaken by directors except as may be permitted by the *Corporations Act 2001.*

Executives

Executive pay

Executive remuneration and reward framework consists of the following components:

- base pay and benefits, including superannuation;
- short-term performance incentives; and
- long-term incentives through participation in a Nomad Building Solutions Long-term Incentive Plan.

The combination of these comprises the executive's total remuneration.

Base pay

Remuneration is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure that each executive's pay is competitive to the market. An executive's pay is also reviewed on promotion.

There is no guaranteed base pay increases included in any executive's employment agreement.

Benefits

Executives, as part of their remuneration package, may receive benefits such as a car allowance or a fully maintained motor vehicle and a motor vehicle fuel card.

Directors' Report (continued)

REMUNERATION REPORT (Continued)

Superannuation

Retirement benefits are delivered as required under the Australian superannuation guarantee legislation.

Short-term incentives

Executives are eligible for short-term cash incentive (bonus) payments based on percentages of base salary. Bonus payments are predominantly determined by measuring performance against criteria including the overall Group and individual Divisions achieving prescribed financial and occupational health and safety targets, and the executive meeting personal key performance indicators set at the beginning of the year. The payment of the short-term incentive is at the discretion of the Board which considers the performance of the Group, whether value has been created for shareholders, that profit is consistent with the business plan and the executive's contribution to the business. The level of incentive is designated for each executive based on their ability to impact the Group's performance. Cash incentives are determined based on financial years and are payable on or about 30 September of the following financial year, after the year's financial results have been audited and approved by the Board.

Long-term incentives

Long-term incentives are available to executives via a Nomad Building Solutions Long-term Incentive Plan, see Part D of this Remuneration Report for further information.

Specific details relating to the terms and conditions of employment for each executive director are also set out below.

B. Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Nomad Building Solutions Limited and the Group are set out in the following tables.

The key management personnel of the Group includes the directors of Nomad Building Solutions Limited as per pages 5 to 8 above and the following executive officers who report directly to the Managing Director and who have authority and responsibility for planning, directing and controlling the activities of the Group:

- A J Sturcke — Chief Financial Officer & Company Secretary, Nomad Building Solutions Ltd (from 13 June 2011)
- B R McDonald — Chief Operating Officer, Nomad Eastern States Ltd
- M B Brockbank — General Manager, Rapley Wilkinson Pty Ltd (from 21 February 2011)
- E P Davies — General Manager, McGrath Homes (from 1 July 2010)
- P A Robinson — Company Secretary, Nomad Building Solutions Ltd (reports to the Chief Financial Officer)

The following executive officers, who reported directly to the Managing Director and who had authority and responsibility for planning, directing and controlling the activities of the Group resigned from their positions during the financial year:

- P O Depiazzi — Chief Financial Officer (until 13 June 2011) and Company Secretary of Nomad Building Solutions Ltd (until 17 June 2011)

Directors' Report (continued)

REMUNERATION REPORT (Continued)

The following table provides the details of all directors of the Company and the key management personnel of the Group with authority and the nature and amount of the elements of their remuneration for the year ended 30 June 2011:

2011	Short-term benefits				Post-employment benefits	Share-based payments	Total
	Cash salary and fees $	Cash bonus $	Other $	Non-monetary benefits $	Superannuation $	Options $	$
Non-executive directors							
P G Abery	105,787	-	-	-	9,521	-	115,308
D A Craig (from 29 November 2010)	60,932	-	-	-	5,483	-	66,415
D J Franklyn (from 10 January 2011)	29,833	-	-	-	2,685	-	32,518
Former							
R L Blair (from 19 July 2010 up to 29 November 2010)	41,544	-	-	-	3,739	-	45,283
P J Slaughter (up to 31 December 2010)	32,798	-	-	-	2,952	-	35,750
Sub-total non-executive directors	**270,894**	**-**	**-**	**-**	**24,380**	**-**	**295,274**
Executive directors							
M J Bourke (from 19 July 2010)	426,540	-	-	-	22,184	79,618	528,342
Former							
R L Blair (up to 19 July 2010)	55,000	-	-	-	2,216	-	57,216
A J Thomas (up to 25 August 2010)	73,774	-	-	-	4,355	-	78,129
Other key management personnel							
Current							
A J Sturcke (from 13 June 2011)	16,153	-	-	-	1,453	-	17,606
B R McDonald	300,000	-	-	-	25,000	2,934	327,934
M B Brockbank (from 21 February 2011)	90,287	-	-	-	8,048	-	98,335
E P Davies (from 1 July 2010)	238,846	33,027	-	-	24,469	-	296,342
P A Robinson	152,317	-	-	-	13,708	-	166,025
Former							
P O Depiazzi (up to 17 June 2011)	354,423	-	-	-	16,410	-	370,833
Total key management personnel compensation	**1,978,234**	**33,027**	**-**	**-**	**142,223**	**82,552**	**2,236,036**

The following table provides the details of all directors of the Company and the key management personnel of the Group with authority and the nature and amount of the elements of their remuneration for the previous year ended 30 June 2010:

2010	Short-term benefits				Post-employment benefits	Share-based payments	Total
	Cash salary and fees $	Cash bonus $	Other $	Non-monetary benefits $	Superannuation $	Options $	$
Non-executive directors							
R L Blair (up to 11 January 2010)	62,946	-	-	-	5,665	-	68,611
P G Abery	68,807	-	45,762	-	10,311	-	124,880
P J Slaughter	65,596	-	-	-	5,904	-	71,500
Sub-total non-executive directors	**197,349**	**-**	**45,762**	**-**	**21,880**	**-**	**264,991**
Executive directors							
R L Blair (from 12 January 2010	220,451	-	-	-	19,782	-	240,233
A J Thomas	303,168	-	-	56,414	27,282	7,344	394,208
Former							
W J McGrath (until 14 May 2010)	336,004	-	20,830	5,324	29,167	-	391,325
Other key management personnel							
Current							
P O Depiazzi	335,538	-	-	-	14,461	12,879	362,878
P A Robinson (from 4 June 2010)	11,500	-	-	-	1,035	-	12,535
B R McDonald (from 1 March 2010)	100,000	-	-	-	8,333	783	109,116
Former							
D W Staunton (up to 11 January 2010)	217,719	-	-	5,194	17,320	-	240,233
B D Praetz (up to 30 June 2010)	302,752	-	75,688	-	27,248	-	405,688
M P Lilly (up to 4 June 2010)	190,456	-	-	8,223	16,846	-	215,525
Total key management personnel compensation	**2,214,937**	**-**	**142,280**	**75,155**	**183,354**	**21,006**	**2,636,732**

Directors' Report (continued)

REMUNERATION REPORT (Continued)

Mr R L Blair was an executive director from 11 January 2010 until 19 July 2010, when he reverted back to the role of non-executive Chairman.

Mr A J Thomas resigned from the board on 25 August 2010 and ceased employment with the Company on 3 September 2010. The remuneration disclosed above includes his key executive remuneration until 3 September 2010.

Mr P O Depiazzi ceased to be a key management person of the Company on 17 June 2011.

Mr E P Davies received a bonus in relation to the performance of McGrath Homes in the year ended 30 June 2010.

Mr P G Abery was appointed to carry out additional work for the Group, and was paid $47,538 for extra services provided during 2010.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk - STI		At risk – LTI	
	2011	2010	2011	2010	2011	2010
Executive directors						
M J Bourke	**85%**	n/a	**-**	n/a	**15%**	n/a
A J Thomas	**100%**	100%	**-**	-	**-**	-
Key management personnel						
A J Sturcke	**100%**	n/a	**-**	n/a	**-**	n/a
B R McDonald	**99%**	99%	**-**	-	**1%**	1%
M B Brockbank	**100%**	n/a	**-**	n/a	**-**	n/a
E P Davies	**89%**	n/a	**11%**	n/a	**-**	n/a
P A Robinson	**100%**	100%	**-**	-	**-**	-
P O Depiazzi	**100%**	100%	**-**	-	**-**	-

The proportions shown in the above table are in relation to actual income earned in the relevant year, and not to overall package entitlements. "n/a" stands for not applicable as the executive was not a key management person during the relevant period.

C. Service agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment.

Remuneration and other terms of employment for the Managing Director and the other key management personnel are formalised in service agreements. Each of these agreements provide for the provision of performance-related cash bonuses and may include other benefits including car allowance and a fuel card, and participation, when eligible, in a Group Long-term Incentive Plan. Other major provisions of the agreements relating to remuneration are set out below.

M J Bourke, Managing Director (Nomad Building Solutions)

- Fixed annual reward, including superannuation and other benefits of $500,000 to be reviewed annually by the Nomination and Remuneration Committee and the Board.
- Short-term incentive bonus of up to 40% of fixed annual reward.
- Participation in Managing Director's Long-term Incentive Plan.
- Non-competition period of 12 months upon termination of employment with the Group.
- 6 months notice of termination.

A J Sturcke, Chief Financial Officer (Nomad Building Solutions)

- Fixed annual reward, including superannuation and other benefits of $327,000 to be reviewed annually by the Nomination and Remuneration Committee and the Board.
- Short-term incentive bonus of up to 35% of base salary.
- Participation in the Executive Long-term Incentive Plan.
- Non-competition period of 12 months upon termination of employment with the Group.
- 3 months notice of termination.

Directors' Report (continued)

REMUNERATION REPORT (Continued)

C. Service agreements (continued)

B R McDonald, Chief Operating Officer (Nomad Eastern States)

- Fixed annual reward, including superannuation and other benefits of $325,000 to be reviewed annually by the Nomination and Remuneration Committee.
- Short-term incentive bonus of up to 35% of fixed annual reward.
- Participation in the Executive Long-term Incentive Plan.
- Non-competition period of 6 months upon termination of employment with the Group.
- 3 months notice of termination.

M B Brockbank, General Manager (Rapley)

- Base salary of $250,000 to be reviewed annually by the Nomination and Remuneration Committee.
- Short-term incentive bonus of up to 35% of fixed annual reward.
- Participation in the Executive Long-term Incentive Plan.
- Superannuation of 9% of base salary
- 3 months notice of termination.

E P Davies, General Manager (McGrath Homes)

- Base salary of $230,000 to be reviewed annually by the Nomination and Remuneration Committee.
- Short-term incentive bonus of up to 35% of fixed annual reward.
- Participation in the Executive Long-term Incentive Plan.
- Superannuation of 9% of base salary
- 1 months notice of termination.

P A Robinson, Company Secretary & Group Financial Controller (Nomad Building Solutions)

- Base salary of $155,000 to be reviewed annually by the Managing Director and Chief Financial Officer and reported to the Nomination and Remuneration Committee.
- Short-term incentive bonus of up to 25% of fixed annual reward.
- Participation in the Executive Long-term Incentive Plan.
- Superannuation of 9% of base salary
- Non-competition period of 6 months upon termination of employment with the Group.
- 3 months notice of termination.

D. Share-based compensation

Options

Options over shares in Nomad Building Solutions Limited are issued under Long-term Incentive Plans. These Incentive Plans are designed to provide long-term incentives for executives to deliver superior long-term shareholder returns. Each Plan has had a number of updates. Details of the different, identifiable Plans are outlined below.

For all Plans:

- The options can only be exercised if the employees are still employed by the Group.
- Options issued under each Plan carry no dividend or voting rights. Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company. Each Plan's rules do not permit the transfer of options.
- No options have vested and as a result no ordinary shares in the Company were provided as a result of the exercise of remuneration options to directors of Nomad Building Solutions Limited and other key management personnel of the Group.
- No options expired during the period. However, some options were cancelled on the option holder ceasing employment with the Group.

Nomad Long-term Incentive Plan 2008

Options were issued under the Nomad Long-Term Incentive Plan 2008 which was approved by shareholders on 29 October 2008.

Issue date	Date vested and exercisable*	Expiry date	Exercise price	Value per option at issue date
26 February 2009	one third 26/2/10	29 October 2013	0.7889	0.022
	one third 26/2/11	29 October 2013	0.7889	0.022
	one third 26/2/12	29 October 2013	0.7889	0.022

Nomad Long-term Incentive Plan 2008 (continued)

Vesting occurs automatically on each anniversary. Options vest in three equal tranches on the first, second and third anniversaries of the date on which the options are issued. The options which vest are subject to two independent measures before they can be exercised. Each measure provides for up to 50% of the available vested options to be exercised. The targets are Nomad Building Solutions Limited's performance against two benchmarks, namely:

(a) annual earnings per share growth, exceeding 20% per annum from the issue date, or subsequent anniversary dates; and
(b) total shareholder return exceeding the return of the mid-ranked company in the ASX 300 All Industrials Accumulation Index (ASX300 AI) from the issue date.

Exercise benchmarks can be met on a cumulative basis.

Once vested, the options remain exercisable for a period of 5 years from the plan approval date. When exercisable, each option is convertible into one ordinary share.

The exercise price of the options at issue of $0.81 was established as the volume weighted average price (VWAP) in the 5 trading days immediately before October 30 2008, following shareholder approval. Following the Company's discounted entitlement share offer in November 2010, the exercise price has been adjusted to $0.7889 per share in accordance with ASX Listing Rules.

Since the criteria were set, the Company's share price has underperformed the ASX 300 AI. No anniversary hurdles have been met.

Nomad Long-term Executive Incentive Plan 2009

Options were issued under the Nomad Long-term Executive Incentive Plan 2009, which was approved by the Board on 29 April 2009.

Issue date	Date vested and exercisable*	Expiry date	Exercise price	Value per option at issue date
8 March 2010	one third 08/3/11	28 April 2014	0.7289	0.0235
	one third 08/3/12	28 April 2014	0.7289	0.0235
	one third 08/3/13	28 April 2014	0.7289	0.0235

Vesting is based on two independent measures, with each measure providing up to 50% of the available units. The targets are Nomad Building Solutions Limited's performance against two benchmarks, namely:

(a) increase in annual earnings per share, exceeding the equal mid-ranked ASX 300 company; and
(b) total shareholder return exceeding the return of the mid-ranked company in the ASX300 AI from the issue date.

If options do not vest at the first available vesting date, they become vested and exercisable if the tests are passed on a cumulative basis, for period of measurement at a subsequent vesting date.

Once vested, the options remain exercisable for a period of 5 years from the plan approval date. When exercisable, each option is convertible into one ordinary share.

All shares issued upon exercise of options will be held in escrow until the end of an escrow period.

Proportion of issue to an individual	End of escrow period
One half	36 months after issue date of options
One sixth	42 months after issue date of options
One sixth	48 months after issue date of options
One sixth	54 months after issue date of options

The initial exercise price of the options of $0.55 was established as the VWAP during the 5 trading days most recently preceding the date on which the Board established the Plan; this applies to options granted and issued within two months of the Board establishing the plan. For subsequent options issued under the Plan, the exercise price will be the VWAP for the 5 trading days immediately preceding the date(s) on which the Board approved the further issue(s) of options.

Directors' Report (continued)

REMUNERATION REPORT (Continued)

Nomad Long-term Executive Incentive Plan 2009 (continued)

Following the Company's discounted entitlement share offer in November 2010, the exercise price for the remaining issue of options under this Plan has been adjusted from $0.75 to $0.7289 per share in accordance with ASX Listing Rules.

No performance hurdles have been met for options issued on 8 March 2010 under this Plan.

Nomad Managing Director Long-term Incentive Plan 2010

Following shareholder approval at a general meeting held on 19 October 2010, 4,000,000 options were issued to Michael Bourke under the Nomad Managing Director Long-term Incentive Plan 2010 on 28 October 2010.

Grant date	Date vested and exercisable*	Expiry date	Exercise price	Value per option at issue date
19 October 2010	10% on 19/10/11	27 October 2015	0.1189	0.0689
	20% on 19/10/12	27 October 2015	0.1189	0.0689
	70% on 19/10/13	27 October 2015	0.1189	0.0689

Vesting is based on two independent measures, with each measure providing up to 50% of the available units. The targets are Nomad Building Solutions Limited's performance against two benchmarks, namely:

(a) achievement of defined net profit after tax benchmarks; and

(b) total shareholder return exceeding the return of the mid-ranked company in the ASX300 AI from the issue date.

If options do not vest at the first available vesting date, they become vested and exercisable if the tests are passed on a cumulative basis, for the period of measurement at a subsequent vesting date.

Once performance hurdles have been achieved and the options have vested, the options remain exercisable until their expiry date. When exercisable, each option is convertible into one ordinary share.

All shares issued upon exercise of options will be held in escrow until the end of an escrow period.

Proportion of issue to an individual	End of escrow period
One half	36 months after issue date of options
One sixth	42 months after issue date of options
One sixth	48 months after issue date of options
One sixth	54 months after issue date of options

The initial exercise price of the options of $0.14 was established based on the VWAP during the 5 trading days most recently preceding the date on which the Board established the Plan.

Following the Company's discounted entitlement share offer in November 2010, the exercise price for the issue of options under this Plan have been adjusted from $0.14 to $0.1189 per share in accordance with ASX Listing Rules.

No performance hurdles have been met for options issued this Plan.

Executive Long-term Incentive Plan 2011

Options were issued under the Nomad Long-term Executive Incentive Plan 2011, which was approved by the Board on 26 May 2011.

Grant date	Date vested and exercisable*	Expiry date	Exercise price	Value per option at issue date
30 June 2011	10% on 30/06/12	30 June 2016	0.13	0.0556
	20% on 30/06/13	30 June 2016	0.13	0.0556
	70% on 30/06/14	30 June 2016	0.13	0.0556

Directors' Report (continued)

REMUNERATION REPORT (Continued)

Executive Long-term Incentive Plan 2011 (continued)

Vesting is based on two independent measures, with each measure providing up to 50% of the available units. The targets are Nomad Building Solutions Limited's against two benchmarks, namely:

(a) earnings per share targets for the first, second and third years; and

(b) total shareholder return exceeding the return of the mid-ranked company in the ASX 300 AI from the issue date.

If options do not vest at the first available vesting date, they become vested and exercisable if the tests are passed on a cumulative basis, for the period of measurement at a subsequent vesting date.

Once vested, the options remain exercisable for a period of 5 years from the issue date. When exercisable, each option is convertible into one ordinary share.

All shares issued upon exercise of options will be held in escrow until the end of an escrow period.

Proportion of issue to an individual	End of escrow period
One half	36 months after issue date of options
One sixth	42 months after issue date of options
One sixth	48 months after issue date of options
One sixth	54 months after issue date of options

The initial exercise price of the options of $0.13 was established based on the VWAP during the 5 trading days most recently preceding the date on which the Board established the Plan.

No performance hurdles have been met for options issued this Plan.

Options issued during the year

Details of options over ordinary shares in the Company provided as remuneration to each director of Nomad Building Solutions Limited and each of the key management personnel of the parent entity and the Group are set out below. When exercisable, each option is convertible into one ordinary share of Nomad Building Solutions Limited. Further information on the options is set out in note 38 to the financial statements.

Name	Number of options issued during the year 2011	2010	Number of options vested during the year 2011	2010
Directors of Nomad Building Solutions Limited				
M J Bourke	**4,000,000**	-	**-**	-
Other key management personnel of the Group				
B R McDonald	**1,000,000**	300,000	**-**	-
A J Sturcke	**1,000,000**	-	**-**	-
M B Brockbank	**1,000,000**	-	**-**	-
E P Davies	**1,000,000**	-	**-**	-
P A Robinson	**300,000**	-	**-**	-

The assessed fair value at issue date of options issued to the individuals is allocated equally over the period from issue date to vesting dates and the amount is included in the remuneration tables above. Fair values at issue date are independently determined using a binomial option pricing model for options issued up to February 2009, and the enhanced trinomial approach for subsequent issues, that takes into account the exercise price, the term of the option, the impact of dilution, the share price at issue date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Directors' Report (continued)

REMUNERATION REPORT (Continued)

The valuation model inputs for options issued during the year ended 30 June 2011 included:

	MD Long-Term Incentive Plan 2010	**Executive Long-Term Incentive Plan 2011**
Consideration	Nil	Nil
Vesting/Exercise Conditions	See Vesting Conditions Below	See Vesting Conditions Below
Exercise price	$0.1189	$0.13
Grant Date	19 October 2010	30 June 2011
Expiry date	27 October 2015	30 June 2016
Share price at issue date	$0.14	$0.105
Expected price volatility of Company's shares	90%	90%
Risk free interest rate	4.00%	4.00%
Fair Value	$0.0689	$0.0556

Vesting Conditions

Long-term Executive Incentive Plan 2009

In three tranches weighted at 10% for the first year, 20% for the second year and 70% in the third year. Vesting is based on Nomad Building Solutions Limited's earnings per share and total shareholder return ranked against the ASX300 Accumulation Index. Options not vesting in one year may be vested at a subsequent vesting date if hurdles are met on a cumulative basis.

Managing Director Long-term Incentive Plan 2010

In three tranches weighted at 10% for the first year, 20% for the second year and 70% in the third year. Vesting is based on Nomad Building Solutions Limited's net profit after tax and total shareholder return ranked against the ASX300 Accumulation Index. Options not vesting in one year may be vested at a subsequent vesting date if hurdles are met on a cumulative basis.

Nomad Executive Long-term Incentive Plan 2011

In three tranches weighted at 10% for the first year, 20% for the second year and 70% in the third year. Vesting is based on Nomad Building Solutions Limited's net profit after tax and total shareholder return ranked against the ASX300 Accumulation Index. Options not vesting in one year may be vested at a subsequent vesting date if hurdles are met on a cumulative basis.

E. Additional information

Performance of Nomad Building Solutions Limited

In the current year the Group's results were disappointing with the result being net loss after tax. The Company has not declared any dividends for the 2011 financial year.

Some short term performance bonuses were paid out in the 2011 financial year in respect of the performance of the McGrath Homes division in the prior financial year. The Board has made provision for a limited number of short term performance bonuses that are payable by 30 September 2011 in respect of broader, non-financial targets, relating to the year ended 30 June 2011.

Directors' Report (continued)

REMUNERATION REPORT (Continued)

The following table illustrates the operation of the long-term incentive plan by comparing Nomad Building Solutions Limited total shareholder return to the ASX300 AI since listing.

	Total share holder return	
	Nomad	**ASX300 AI**
Year ended 30 June 2011	(11.4%)	16.1%
Year ended 30 June 2010	(51.8%)	(10.5%)
Year ended 30 June 2009	(64.6%)	(20.3%)
Year ended 30 June 2008	(31.6%)	(13.7%)
Date of listing 31 October 2006 to 30 June 2007	172.5%	(19.9%)

Notes:
1. Based on issue price of $1 per share on listing on 30 October 2006.
2. The Company's return is inclusive of dividends paid.

Details of remuneration: cash bonuses and options included in the tables on pages 19 and 20, the percentage of the available bonus or grant that was paid, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonuses are payable in future years. The various option plans vest over three years, provided the relevant vesting conditions are met as outlined above.

	Cash Bonus		**Options**			
Name	**Paid %**	**Forfeited %**	**Year Issued**	**Vested %**	**Forfeited %**	**Financial years in which options may vest**
M J Bourke	87%	13%	2010	-	-	30/06/11 to 30/06/13
A J Sturcke	n/a	n/a	2011	-	-	30/06/12 To 30/6/14
B R McDonald	-	100%	2010, 2011	-	-	30/06/11 to 30/06/14
M B Brockbank	n/a	n/a	2011	-	-	30/06/12 To 30/6/14
E P Davies	57%	43%	2011	-	-	30/06/12 To 30/6/14
P A Robinson	52%	48%	2011	-	-	30/06/12 To 30/6/14

"n/a" means the executive was not eligible for a cash bonus in 2011.

Directors' Report (continued)

REMUNERATION REPORT (Continued)

Share-based compensation: Options

Further details relating to options are set out below.

Name	A Remuneration consisting of options	B Value at issue date $	C 2011 Value at exercise date $	D Value at lapse date $
M J Bourke	15%	275,600	-	-
A J Sturcke	0%	55,650	-	-
B R McDonald	1%	62,688	-	-
M B Brockbank	0%	55,650	-	-
E P Davies	0%	55,650	-	-
P A Robinson	0%	16,695	-	-
A J Thomas	0%	15,552	-	15,552
P O Depiazzi	0%	30,215	-	30,215

A = The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

B = The value at issue date calculated in accordance with AASB 2 *Share-based Payment* of options issued during the year as part of remuneration.

C = The value at exercise date of options that were issued as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.

D = The value at lapse date of options that were issued as part of the remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied.

End of Audited Remuneration Report

Loans to directors and executives

Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in note 26 of the financial statements.

Shares under option

Unissued ordinary shares of Nomad Building Solutions Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
26 February 2009	25 February 2013	$0.7889	110,000
1 March 2010	28 April 2014	$0.7289	300,000
19 October 2010	27 October 2015	$0.1189	4,000,000
30 June 2011	30 June 2016	$0.1300	5,100,000
			9,510,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Shares issued on the exercise of options

No ordinary shares of Nomad Building Solutions Limited were issued during the year ended 30 June 2011 (2010: nil) on the exercise of options issued under the Nomad Building Solutions Limited Long -term Incentive Plans. No shares have been issued since that date.

Insurance of directors and officers

During the financial year, Nomad Building Solutions Limited paid a premium of $49,374 to insure the directors and officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Directors' Report (continued)

REMUNERATION REPORT (Continued)

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company or the Group are important.

The Board has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or are payable for services provided by the auditor of the parent entity:

	Consolidated	
	2011	2010
	$	$
BDO Audit (WA) Pty Ltd		
Audit Services		
Audit and review of financial reports	**166,000**	163,000
Other assurance services	**6,570**	8,900
	172,570	171,900

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 30.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

BDO Audit (WA) Pty Ltd continues in office, in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Michael Bourke
Managing Director
Perth
31 August 2011

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

31 August 2011

To The Directors
Nomad Building Solutions Limited
65 Burswood Road
BURSWOOD WA 6100

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF NOMAD BUILDING SOLUTIONS LIMITED

As lead auditor of Nomad Building Solutions Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Nomad Building Solutions Limited and the entities it controlled during the period.

C Burton

Chris Burton
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Financial Statements

Contents

These financial statements cover Nomad Building Solutions Limited ("Company") and its subsidiaries ("Group"). The financial statements are presented in the Australian currency.

Nomad Building Solutions Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Nomad Building Solutions Limited
33 Walters Drive
OSBORNE PARK WA 6017

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report on page 2.

The financial statements were authorised for issue by the directors on 31 August 2011. The Company has the power to amend and reissue the financial statements.

Through the use of the internet, the Company has ensured that its corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial statements and other information are available on the Company's website: www.nomadbuildingsolutions.com.au

For queries in relation to the Company's reporting please call the Company Secretary on +61 8 9204 8700.

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2011

	Note	2011 $'000	2010 $'000 Restated*
Revenue from continuing operations	4	**175,139**	215,396
Other income	5	**1,295**	176
Raw materials, consumables and contract labour	8	**(149,623)**	(179,437)
Employee benefits expense	6	**(20,527)**	(22,253)
Depreciation and amortisation expense	6	**(6,231)**	(9,170)
Borrowing cost expense	6	**(2,127)**	(3,010)
Impairment of goodwill (nil tax effect)	6	**(10,000)**	(50,226)
Impairment of PP & E, trade receivables and customer relations	6	**-**	(2,410)
Operating lease costs	6	**(5,953)**	(5,921)
Corporate and administration expenses	6	**(4,170)**	(8,434)
Other expenses		**(892)**	(1,189)
(Loss) / Profit before income tax		**(23,089)**	(66,478)
Income tax benefit / (expense)	7	**3,768**	4,734
Net (loss) for the year from continuing operations		**(19,321)**	(61,744)
(Loss) from discontinued operations net of income tax	24	**(850)**	(2,098)
Total comprehensive (loss) / income for the year attributable to members of Nomad Building Solutions Limited		**(20,171)**	(63,842)
Basic (loss) / earnings per share	37	**(9.2)**	(46.3)
Diluted (loss) / earnings per share	37	**(9.2)**	(46.3)
Continuing Operations			
Basic (loss) / earnings per share	37	**(8.8)**	(44.8)
Diluted (loss) / earnings per share	37	**(8.8)**	(44.8)

* The 2010 result has been restated in relation to note 8: corrections of error and note 24: discontinued operations.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30 June 2011

	Note	2011 $'000	2010 $'000 Restated*	1 July 2009 $'000 Restated*
ASSETS				
Current assets				
Cash and cash equivalents	9	**17,042**	8,845	19,161
Trade and other receivables	10	**18,597**	24,588	45,165
Current tax assets		**-**	1,611	1,462
Inventories	8,11	**9,615**	20,741	13,722
Total current assets		**45,254**	55,785	79,510
Non-current assets				
Receivables	12	**34**	109	109
Property, plant and equipment	13	**17,651**	24,216	49,809
Investment Property	14	**5,162**	5,966	6,084
Deferred tax assets	8,15	**12,111**	7,707	1,869
Intangible assets	16	**21,416**	31,416	81,857
Total non-current assets		**56,374**	69,414	139,728
Total assets		**101,628**	125,199	219,238
LIABILITIES				
Current liabilities				
Trade and other payables	8,17	**22,567**	34,830	44,829
Deferred Income	11	**5,758**	3,555	6,265
Borrowings	18	**14,564**	26,842	34,525
Provisions	19	**10,704**	5,184	398
Total current liabilities		**53,593**	70,411	86,017
Non-current liabilities				
Borrowings		**-**	-	11,989
Deferred tax liabilities	20	**202**	296	65
Provisions	21	**57**	102	133
Total non-current liabilities		**259**	398	12,187
Total liabilities		**53,852**	70,809	98,204
Net assets		**47,776**	54,390	121,034
EQUITY				
Contributed equity	22	**107,773**	94,296	93,495
Reserves	23	**110**	30	201
(Accumulated losses) / Retained profits	23	**(60,107)**	(39,936)	27,338
Total equity		**47,776**	54,390	121,034

* The 1 July 2009 and the 2010statement of financial position has been restated in relation to note 8: corrections of error and note 24: discontinued operations.

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2011

	Note	Contributed Equity $'000	Option Reserve $'000	Retained Earnings / (Accumulated Losses) $'000	Total $'000
Balance at 1 July 2009		93,495	201	28,926	122,622
Adjustment on correction of error (net of tax)	8			(1,588)	(1,588)
Balance at 1 July 2009		93,495	201	27,338	121,034
Total comprehensive loss for year ended 30 June 2010		-	-	(63,842)	(63,842)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	22	801	-	-	801
Dividends provided for or paid	25	-	-	(3,432)	(3,432)
Employee share options	23	-	(171)	-	(171)
Balance as at 30 June 2010		94,296	30	(39,936)	54,390
Total comprehensive loss for year ended 30 June 2011		**-**	**-**	**(20,171)**	**(20,171)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	22	**13,477**	**-**	**-**	**13,477**
Dividends provided for or paid	25	**-**	**-**	**-**	**-**
Employee share options	23	**-**	**80**	**-**	**80**
Balance as at 30 June 2011		**107,773**	**110**	**(60,107)**	**47,776**

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**214,654**	258,976
Payments to suppliers and employees (inclusive of GST)		**(205,130)**	(246,553)
Cash generated from operations		**9,524**	12,423
Interest paid		**(2,127)**	(3,010)
Income taxes (paid) received		**1,611**	(313)
Net cash inflow from operating activities	35	**9,008**	9,100
Cash flows from investing activities			
Payments for property, plant and equipment	13	**(2,352)**	(2,886)
Payments for investment property	14	**-**	(351)
Payments for purchase of subsidiary net of cash acquired	31	**-**	(1,574)
Proceeds from sale of property, plant and equipment		**247**	7,555
Interest received		**466**	142
Net cash inflow / (outflow) from investing activities		**(1,639)**	2,886
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**13,106**	-
Proceeds from borrowings		**-**	9,000
Repayment of borrowings		**(2,000)**	(14,733)
Repayment of hire purchase and lease payments		**(10,278)**	(13,938)
Dividends paid to members		**-**	(2,631)
Net cash inflow/(outflow) from financing activities		**828**	(22,302)
Net increase/ (decrease) in cash and cash equivalents		**8,197**	(10,316)
Cash and cash equivalents at the beginning of the financial year		**8,845**	19,161
Cash and cash equivalents at the end of the financial year	9	**17,042**	8,845
Non-cash financing and investing activities	36	-	801

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

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include financial statements for the Group consisting of Nomad Building Solutions Limited and its subsidiaries and a separate summary of financial statements for Nomad Building Solutions Limited as an individual entity in note 40.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretation and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with IFRS
The financial statements of Nomad Building Solutions Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention.

Critical accounting estimates and significant judgements
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Going Concern

The Group incurred a loss after income tax from continuing operations for the year of $19.32 million. At 30 June 2011 the Group's total assets exceeded its total liabilities by $47.77 million, however the consolidated entity did have negative working capital balance of $8.33 million.

The financial statements have been prepared on the basis that the Group continues as a going concern. The directors consider this appropriate given the forecast of profit and positive cash flows for the Group over the next 12 months, supported by the current order book and strong tender activity. The terms of the new banking agreement with the Company's banker, Westpac Banking Corporation, have been agreed to extend the facility to 31 August 2012, with the formal documentation executed on 30 August 2011. The agreement requires the Company to meet covenants to maintain its facilities and the Company's compliance with these covenants will be closely monitored through its standard reporting processes. The Company has successfully met similar covenants over the past 4 months to July 2011 to maintain the terms of the previous facility. If the Company is unable to obtain the continued financial support of its bank or obtain alternative finance, it may cast uncertainty on the Company's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in these financial statements.

(b) Principles of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Nomad Building Solutions Limited ("parent entity") as at 30 June 2011 and the results of all subsidiaries for the year then ended. Nomad Building Solutions Limited and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(g)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for major business activities as follows:

(i) *Sale of goods*

Accounting Standard AASB 111 Construction Contracts – the Group uses the 'percentage of completion' method , which states "When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date". The Group uses costs incurred as the measure of percentage of completion.

The construction of assets for hire purposes are reclassified as hire buildings when completed. They are treated as work in progress while under construction.

(ii) *Interest income*

Interest income is recognised on a time proportional basis using the effective interest method.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

Tax consolidation legislation

Nomad Building Solutions Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The parent entity Nomad Building Solutions Limited and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Nomad Building Solutions Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases (note 29). Finance leases are capitalised at the lease's inception at the lower of fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 29). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the Group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity and transaction costs arising on the issue of debt as part of the consideration are accounted for in accordance with note 1(l).

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate.

The value of customer contracts and customer relationships at the date of acquisition are recognised as assets. The fair value attributed to these assets includes adjustments for associated cost contingencies including contract, client and capital risks.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for each where there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid instruments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Trade receivables are generally due for settlement within 30 days from date of invoice.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(k) Inventories

(i) *Raw materials and stores and finished goods*

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) *Construction work in progress*

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits, the net amounts are presented under other liabilities. Expected losses to complete a contract in progress are recognised immediately.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Group's construction activities in general.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of its financial assets at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Details on how the fair value of financial instruments is determined are disclosed in note 2.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(m) Non-Current Assets Classified as Held for Sale

Non-current assets classified as held for sale are those assets whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. These assets are stated at the lower of their carrying amount and fair value less costs to sell and are not depreciated or amortised. Interest expense continues to be recognised on liabilities of a disposal group classified as held for sale.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for subsequent increases in fair value less costs to sell of an asset but not exceeding any cumulative impairment losses previously recognised.

(n) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight line or diminutive value method to allocate their cost amounts, net of their residual values, over their estimated useful lives, as follows:

- Hire buildings — 8 years
- Plant and equipment — 5 – 10 years
- Vehicles — 4 – 8 years
- Furniture, fittings and equipment — 3 – 10 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Investment property

Investment properties held for rental are initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less impairment.

Property under construction held for future use as investment property is also carried at cost.

Depreciation on investment property is calculated using the straight line method to allocate their cost amounts, net of their residual values, over their estimated useful lives of 8 years.

(p) Intangible assets

Intangible assets acquired in a business combination are initially measured at cost, which are their fair value at acquisition date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

(i) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/business at the date of acquisition. Goodwill on acquisitions of subsidiaries and businesses is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(ii) *Customer relationships and customer contracts*

Customer relationships and customer contracts have finite useful lives and are carried at their fair value at date of acquisition less accumulated amortisation. Customer relationships have been amortised on a straight-line basis over a period of 5 years.

Customer contracts are amortised based on the timing of projected cash flows of the contracts in the order book at the date of acquisition.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. They are recognised initially at fair value and subsequently at amortised cost.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(s) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use, where material. Other borrowing costs are expensed.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Provisions

Provisions for legal claims and service warranties are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(u) Employee benefits

(i) *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experiences of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Retirement benefits*

Contributions paid or payable by the Group to employee superannuation funds are charged as an expense when incurred.

(iv) *Share-based payments*

Share-based compensation benefits are available to be provided to employees via the Nomad Long-term Incentive Plans. Information relating to the Plans is set out in note 38.

The fair value of options granted under the Nomad Long-term Incentive Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a binomial option pricing model for all issues up to February 2009 and an enhanced trinomial approach for subsequent issues, that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

(v) *Profit-sharing and bonus plans*

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Employee benefits (continued)

(vi) *Termination benefits*
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

(w) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date.

(x) Earnings per share

(i) *Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) *Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(y) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(z) Rounding the amounts

The Company is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)*

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Group did not report any gains or losses on available for sale debt instruments in the period.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not yet decided when to adopt AASB 9.

(ii) *Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)*

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

(iii) *AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)*

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements.

The Group does not make any such prepayments. The amendment is therefore not expected to have any impact on the Group's financial statements. The Group intends to apply the amendment from 1 July 2011.

(iv) *AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)*

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Nomad Building Solutions Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the Group.

(v) *AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)*

Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the Group's disclosures. The Group intends to apply the amendment from 1 July 2011.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) New accounting standards and interpretations (continued)

(vi) AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The Group will apply the amendment from 1 July 2012. It is currently evaluating the impact of the amendment.

(vi) IFRS 10 Consolidated Financial Statements

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities and already has control over all subsidiaries.

(vi) IFRS 11 Joint Arrangements

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.

(vi) IFRS 13 Fair Value Measurement

Due to the recent release of this standard, the entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by IFRS 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013.

(vi) AASB 7 - Financial Instruments: Disclosures

There will be no impact on initial adoption to amounts recognised in the financial statement as the amendments result in fewer disclosures only.

(ab) Parent entity financial information

The financial information for the parent entity, Nomad Building Solutions Limited, disclosed in note 40 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) *Investments in subsidiaries, associates and joint venture entities*
Investments in subsidiaries, associates and joint venture entities are accounted for at cost less impairment in the financial statements of Nomad Building Solutions Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) *Tax consolidation legislation*
Nomad Building Solutions Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The parent entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Nomad Building Solutions Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Nomad Building Solutions Limited for any current tax payable assumed and are compensated by Nomad Building Solutions Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Nomad Building Solutions Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ab) Parent entity financial information (continued)

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the parent entity, which is issued as soon as practicable after the end of each financial year. The parent entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) *Financial guarantees*

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(iv) *Share-based payments*

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

NOTE 2 : FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Financial Risk Management

The Group's management of financial risk is aimed at ensuring net cash flows and facilities are sufficient to:

- meet the Group's financial commitments as and when they fall due;
- maintain capacity to fund the growth of the Group; and
- pay a reasonable dividend.

The Group's overall risk management program focuses on the unpredictability of financial markets while seeking to assist the Group in meeting its financial targets and minimising potential adverse effects on the financial performance of the Group.

The Managing Director, Chief Financial Officer and other senior operating and financial executives prepare financial and cash forecasts which are analysed in context of the most recent economic conditions and forecasts. Risk exposure is assessed and risk management strategies including credit risk policies, , cash flow requirements and finance facility management are developed with the Board of Directors.

The areas of key financial risk for the business are effectively the same as in prior periods and therefore continue to be managed as per prior periods.

The Group holds the following financial instruments:

	Consolidated	
	2011 $'000	2010 $'000 Restated
Financial assets		
Cash and cash equivalents	**17,042**	8,845
Trade and other receivables	**18,597**	24,588
	35,639	33,433
Financial liabilities at amortised cost		
Trade and other payables	**22,567**	34,830
Borrowings	**14,564**	26,842
	37,131	61,672

NOTE 2 : FINANCIAL RISK MANAGEMENT

(a) Market risk

(i) *Price risk*

The Group is not exposed to any price risk in relation to its financial assets or liabilities.

(ii) *Cash flow and Interest Rate Risk*

The Group is exposed to changes in interest rates. The Group's interest rate risk arises from long term borrowings and cash deposits. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2011 11%, (2010: 44%) of borrowings consisted of asset finance which has fixed interest rates.

As the Group has no interest-bearing assets other than cash at bank, the Group's income and operating cash flows are not exposed significantly to changes in market interest rates.

(iii) *Cash flow and Interest Rate Risk (continued)*

As at the reporting date, the Group had the following variable rate borrowings:

	30 June 2011		**30 June 2010**	
	Weighted average interest rate %	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Bank loans	**7.52%**	**13,000**	5.34%	15,000

The above interest rate relates to the cash advance facility. The interest rate relating to the asset finance facility is disclosed in note 18(b).

(b) Credit risk

Credit risk refers to the risk that a contracting party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy that requires a detailed financial assessment of contracting parties to ensure that sales of products are made to customers with an appropriate credit standing and history.

At 30 June 2011 the Group had 3 customers (2010: 4 customers) that owed the Group more than $1 million each and these balances accounted for approximately 34 per cent (2010: 44 per cent) of all receivables owing.

Cash transactions are limited to high credit quality financial institutions.

(c) Liquidity risk

The terms of the new banking agreement with the Company's banker, Westpac Banking Corporation, have been agreed to extend the facility to 31 August 2012, with the formal documentation executed on 30 August 2011.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the reporting date:

	2011 $'000	2010 $'000
Floating rate		
Bank loans and overdraft expiring within 1 year	**5,000**	8,000
Bank loans and overdraft expiring beyond 1 year	**-**	-
Other		
Contingent Instrument facility	**8,231**	10,773
Total	**13,231**	18,773

The working capital facility may be drawn at any time so long as the making of the drawing does not exceed the total facility limit. As part of the repayment of $2,531,000 on 29 July 2011, the Company will have repaid in full all fixed interest borrowings of which it had a balance of $1,564,000 at 30 June 2011 (balance at 30 June 2010:$11,842,000). The contingent instrument facility can be drawn progressively as required in respect to bank guarantee security required for sales contracts and some operating leases.

NOTE 2 : FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities

The terms of the new banking agreement with the Company's banker, Westpac Banking Corporation, have been agreed to extend the facility to 31 August 2012, with the formal documentation executed on 30 August 2011. Under the terms of the new banking agreement, the Hire Purchase outstanding balance as at 30 June 2011 was repaid in full and the floating rate debt facility limit reduced by $1 million on 29 July 2010. Additionally, the facility will be further reduced in January 2012, April 2012 and July 2012 in line with cash flow from operations for the half year to December 2011, quarter to March 2012 and quarter to June 2012 respectively. The Group expects to meet the facility reduction through existing spare capacity as outlined above, plus from the cash and cash equivalents held at 30 June 2011 of $17.1 million.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Amounts are shown as less than six months because as at 30 June 2011 the Group was operating under a facility that matured on 29 July 2011.

At 30 June 2011	Less than 6 months $'000	6 – 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Non-derivatives						
Trade and other payables	**22,567**	**-**	**-**	**-**	**22,567**	**22,567**
Borrowings (exclude hire purchase liability)	**1,000**	**12,000**	**-**	**-**	**13,000**	**13,000**
Hire Purchase	**1,564**	**-**	**-**	**-**	**1,564**	**1,564**
	25,131	**12,000**	**-**	**-**	**37,131**	**37,131**
At 30 June 2010						
Non-derivatives						
Trade and other payables	34,830	-	-	-	34,830	34,830
Borrowings (exclude hire purchase liability)	15,000	-		-	15,000	15,000
Hire Purchase	11,842				11,842	11,842
	61,672	-	-	-	61,672	61,672

(d) Fair value estimation

The fair value of financial assets and financial liabilities approximates their carrying value.

NOTE 2 : FINANCIAL RISK MANAGEMENT (continued)

(e) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk:

		- 75 bps		+ 75 bps	
	Carrying amount $'000	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
2011					
Financial assets					
Cash and cash equivalents	**17,042**	**(89)**	**(89)**	**89**	**89**
Financial liabilities					
Borrowings	**13,000**	**68**	**68**	**(68)**	**(68)**
		(21)	**(21)**	**21**	**21**
2010					
Financial assets					
Cash and cash equivalents	8,845	(46)	(46)	46	46
Financial liabilities					
Borrowings	15,000	79	79	(79)	(79)
		33	33	(33)	(33)

A 75 basis point movement in interest rates has been used as this is considered by management to be the likely range of change in interest rates in the next 12 months.

NOTE 3 : CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Estimated impairment of goodwill and property, plant and equipment*
Goodwill is recognised as part of business combinations. Some of the businesses acquired have not seen the profitability recover as had been expected. As a result goodwill is deemed to be impaired at reporting date as shown on the face of the statement of comprehensive income. An impairment test has been performed which involves the use of assumptions and estimates (see note 16). If there are any significant changes in the assumptions or estimates for the businesses who still carry goodwill it may have a material impact on the carrying value.

Some of the property, plant and equipment acquired has not generated the results expected, and are therefore deemed impaired during the previous financial year as shown on the face of the statement of comprehensive income.

(ii) *Revenue Recognition*
In accordance with the accounting policy detailed in note 1(d)(i), the Group recognises revenue for the major business activities using the percentage completion method as outlined in AASB 111 – Construction Contracts. This involves reporting revenue, expenses and the profit attributable based on reliable estimates of the outcome of the construction contract.

Were the actual final outcome to differ by 10% from management's estimates on all works in progress at year end, the Group would need to:
- decrease profit before tax by $2,397,000, if unfavourable;
- increase profit before tax by $2,397,000, if favourable.

NOTE 3 : CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

(iii) *Life of Assets*
In accordance with the accounting policy detailed in note 1(n), the Group has determined the useful life of categories of business assets.

Were the estimated life of hire buildings to:
- increase by a year then profit before tax would increase by $421,000;
- decrease by a year then profit before tax would decrease by $598,000.

(iv) *Recovery of deferred tax assets*
Deferred tax assets are recognised for deductible temporary differences, where management considers that it is probable that future taxable profits will be available to utilise those temporary differences. After completing the capital raising during the year, the Company has reviewed the capacity to claim carry forward tax losses. Tests performed confirm we pass the Continuity of ownership test.

(v) *Provision for litigation*
Where the Group is involved with outstanding litigation, provision is raised where claims against the Group are able to be measured, at the best estimate of the expenditure required to settle the obligation at the reporting date. Where claims are not able to be reliably measured, disclosure is made by way of a contingent liability note - refer note 28.

NOTE 4 : REVENUE

	Consolidated	
	2011	2010
	$'000	$'000
		Restated
From continuing operations		
Sales revenue		
Construction contract revenue	**159,326**	181,164
Revenue from the sale of goods	**4,288**	12,616
Revenue from the rendering of services including the hire of buildings	**11,073**	21,481
Other revenue		
Interest	**452**	135
	175,139	215,396

NOTE 5 : OTHER INCOME

Net gain on sale of property, plant and equipment	**7**	-
Other	**1,288**	176
	1,295	176

Notes to the Consolidated Financial Statements

NOTE 6 : EXPENSES

(Loss) / Profit before income tax includes the following specific expenses:

Depreciation		
Hire assets	**4,242**	6,159
Land and buildings	**71**	84
Plant and equipment	**1,114**	2,310
Investment property	**804**	469
Total depreciation	**6,231**	9,022
Amortisation		
Customer contracts and relationships	**-**	148
Total amortisation	**-**	148
Total depreciation and amortisation	**6,231**	9,170
Impairment		
Trade receivables	**-**	53
Customer relationships	**-**	67
Property plant and equipment	**-**	2,290
Goodwill	**10,000**	50,226
Total impairment	**10,000**	52,636
Finance costs		
Interest and finance charges paid/payable	**2,127**	3,010
Finance costs expensed	**2,127**	3,010
Rental expense relating to operating leases		
Minimum lease payments	**5,953**	5,921
Total rental expense relating to operating leases	**5,953**	5,921
Employee benefits expense		
Salary and wages	**13,650**	17,365
Performance related bonus	**-**	-
Superannuation expense	**1,715**	1,556
Share-based payments	**80**	(171)
Other employee expense	**5,082**	3,503
Total employee benefits expense	**20,527**	22,253
Corporate and Administration expenses		
Corporate and administration expenses	**4,170**	8,434
Total corporate and administration expense	**4,170**	8,434

NOTE 7 : INCOME TAX EXPENSE

(a) Income tax (revenue) / expense		
Current tax	**-**	-
Deferred tax	**(4,127)**	(5,607)
Adjustments for current tax of prior periods	**(5)**	130
	(4,132)	(5,477)
Income tax expense is attributable to:		
Profit from continuing operations	**(3,768)**	(4,734)
Profit from discontinued operation	**(364)**	(743)
Aggregate income tax (revenue) / expense	**(4,132)**	(5,477)
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 15)	**(4,033)**	(5,838)
(Decrease)/increase in deferred tax liabilities (note 20)	**(94)**	231
	(4,127)	(5,607)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) from continuing operations before income tax expense (loss)	**(23,088)**	(66,478)
Profit/(loss) from discontinued operations before income tax expense (loss)	**(1,215)**	(2,841)
	(24,303)	(69,319)
Tax at the Australian tax rate of 30% (2010 – 30%)	**(7,290)**	(20,796)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impairment charge	**3,000**	15,176
Share based payments	**(24)**	(51)
Entertainment	**20**	17
Other	**167**	47
Income tax expense (benefit)	**(4,127)**	(5,607)
Adjustments for current tax for prior periods	**(5)**	130
Income tax (revenue) / expense	**(4,132)**	(5,477)

(c) Tax consolidation legislation

Nomad Building Solutions Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation from the date the Company acquired the controlled entities, commencing on 16 December 2005. The accounting policy in relation to this legislation is set out in note 1(e).

The entities in the tax consolidated group have entered into a tax sharing agreement which limits the joint and several liabilities of the wholly-owned entities in the case of a default by the parent entity, Nomad Building Solutions Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities will fully compensate Nomad Building Solutions Limited for any current tax payable assumed and are to be compensated by Nomad Building Solutions Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Nomad Building Solutions Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the proposed tax funding agreement are due upon receipt of the funding advice from the parent entity. The parent entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

NOTE 7 : INCOME TAX EXPENSE (continued)

Schedule 5 of Taxation Laws Amendment (2010 Measures No.1) Act 2010, which was passed on 3 June 2010, introduced a number of new amendments that may have an impact on the taxation treatment of tax consolidated groups. These amendments seek to clarify the operation of certain aspects of the consolidation regime, to improve interactions with other parts of the law and introduce substantive new modifications to the tax consolidation regime. The amendments have different application dates, with some applying retrospectively from 1 July 2002.

Due to the complexity of some of the amendments, at the date of signing this report, the Company had not yet assessed and quantified the impact of these amendments on the financial statements. Accordingly, there is certain level of uncertainty as to the accuracy of the following tax balances contained in these financial statements: income tax expense, income tax liabilities, deferred tax assets and deferred tax liabilities.

NOTE 8 : CORRECTION OF ERROR, REVISION OF ESTIMATES AND VARIATION FROM PRELIMINARY

Correction of error in accounting for project revenue
In December 2010, a subsidiary undertook a review of sales contracts as part of the normal course of closing out a project. As part of this review it was discovered that the progress claims to date against the project had been previously understated in 2009 for the purposes of calculating the Work In Progress balance, resulting in an over recognition of revenue of $1,472,000.

Correction of error in accounting for recording of liability to subcontractors
During the year, a review of compliance with all legislated payments was undertaken. As part of this review, it has been identified that the Company may not have properly recognised the application of superannuation guarantee legislation in relation to creditors who may be deemed to be employees for the purpose of compulsory superannuation contributions, resulting in an under recognition of Raw materials, consumable and contract labour of $251,000 in the financial year ended 30 June 2010.

The errors have been corrected by restating each of the affected items in the statement of financial position for the prior period below. There is no impact on the statement of financial performance in the current or comparative financial period.

	30 June 2010	Increase/ (decrease)	30 June 2010 Restated	30 June 2009	Increase/ (decrease)	1 July 2009 Restated
Balance Sheet (extract)	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Inventories	**22,213**	**(1,472)**	**20,741**	**15,194**	**(1,472)**	**13,722**
Deferred tax assets	**7,265**	**442**	**7,707**	**1,427**	**442**	**1,869**
Trade and other payables	**(34,021)**	**(809)**	**(34,830)**	**(44,271)**	**(558)**	**(44,829)**
Net Assets	**56,229**	**(1,839)**	**54,390**	**122,622**	**(1,588)**	**121,034**
Accumulated losses / (Retained profits)	**38,097**	**1,839**	**39,936**	**(28,926)**	**1,588**	**(27,338)**
Total equity	**(56,229)**	**1,839**	**(54,390)**	**(122,622)**	**1,588**	**(121,034)**

	2010 $'000	Profit (decrease) $000's	2010 Restated $000's
Income statement (extract)			
Raw materials, consumables and contract labour	**(179,186)**	(251)	**(179,437)**
(Loss) before income tax	**(66,227)**	(251)	**(66,478)**
Income tax expense	**4,734**	-	**4,734**
Net (loss) for the year from continuing operations	**(61,493)**	(251)	**(61,744)**
(Loss) from discontinued operations net of income tax	**(2,098)**	-	**(2,098)**
Total comprehensive (loss) / income for the year attributable to members of Nomad Building Solutions Limited	**(63,591)**	(251)	**(63,842)**

The correction of the errors had an impact in the 2009 financial year of reducing Nomad's profit per share by 0.4 cents per share on basic earnings per share.

NOTE 9 : CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated 2011 $'000	Consolidated 2010 $'000
Cash at bank and in hand	**17,042**	8,845
	17,042	8,845

(a) Reconciliation to cash at the end of the year
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated 2011 $'000	Consolidated 2010 $'000
Balances as above	**17,042**	8,845
Balances per statement of cash flows	**17,042**	8,845

(b) Interest rate risk exposure
The bank accounts are bearing floating interest rates currently ranging between 3.8% and 4.7% (2010: between 3.5% and 4.5%). The Group's exposure to interest rate risk is discussed in note 2.

NOTE 10 : CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated 2011 $'000	Consolidated 2010 $'000
Trade receivables	**16,891**	20,676
Allowance for impairment of receivables (note(a) below)	**(154)**	(16)
Other receivables	**1,560**	3,191
Prepayments	**300**	737
	18,597	24,588

At 30 June 2011 trade receivables include retentions of $1,440,000 (2010: $2,758,000) relating to construction contracts in progress.

(a) Impaired trade receivables

As at 30 June 2011 current trade receivables of the Group with a nominal value of $154,000 (2010 - $16,000) were impaired. The amount of the allowance was $154,000 (2010 - $16,000). The individually impaired receivables relate to rectification requirements for works performed by the discontinued operation. It is uncertain what level of the allowance may be recovered.

The ageing of these receivables is as follows:

	Consolidated 2011 $'000	Consolidated 2010 $'000
Up to 3 months	**-**	-
3 to 6 months	**-**	
Over 6 months	**154**	16
	154	16

Movements in the allowance for impairment of receivables are as follows:

	Consolidated 2011 $'000	Consolidated 2010 $'000
At 1 July	**16**	213
Impairment recognised during the year	**150**	65
Receivables written off during the year as uncollectable	**(12)**	(262)
	154	16

NOTE 10 : CURRENT ASSETS – TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Impaired trade receivables (continued)

The creation and release of the allowance for impaired receivables has been included in 'other expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

As of 30 June 2011, trade receivables of $7,553,000 (2010 - $2,630,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Up to 3 months	**2,113**	2,241
3 to 6 months	**3,132**	389
	5,245	2,630

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

The past due debtors as at 30 June 2011 has increased mostly because negotiations with the Theiss Decmil Kentz Joint Venture (TDKJV) regarding the close out of the Gorgon contract are in preliminary stages, pending completion of installation works by TDKJV of goods supplied by the Group.

(c) Other receivables

These amounts relate to cash retentions held on certain contracts, GST receivable and other transactions outside the usual operating activities of the Group.

(d) Effective interest rates and credit risk

Information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in the non-current receivables note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

(e) Fair value

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

NOTE 11 : CURRENT ASSETS – INVENTORIES

	Consolidated	
	2011	2010
	$'000	$'000
		Restated
Work-in-progress	**9,068**	19,810
Raw materials and stores – at cost	**547**	931
	9,615	20,741

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2011 amounted to $nil (2010: $400,000). The expense has been included in 'raw materials, consumables and contract labour' in the statement of comprehensive income.

At 30 June 2011 aggregate costs incurred under open construction contracts and recognised profit, net of recognised losses, amounted to $166,575,000 (2010: $286,500,000). Progress billings and advances received from customers under open construction contracts amounted to $163,265,000 (2010: $270,245,000). Advances for which related work has not started, and billings in excess of costs incurred and recognised profits are presented as deferred income and amounted to $5,758,000 at 30 June 2011 (2010: $3,555,000).

NOTE 12 : NON-CURRENT ASSETS – RECEIVABLES

	Consolidated	
	2011	2010
	$'000	$'000
Other receivables	**34**	109
	34	109

(a) Impaired receivables and receivables past due
None of the non-current receivables are impaired or past due but not impaired.

(b) Fair values
The fair values and carrying values of non-current receivables of the Group are as follows:

	2011		2010	
	$'000		$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Other receivables	**34**	**34**	109	109
	34	**34**	109	109

(c) Interest rate risk
The non-current receivables are non-interest bearing.

(d) Credit risk
There is no concentration of credit risk with respect to non-current receivables. Refer to note 2 for more information on the risk management policy of the Group.

NOTE 13 : NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Consolidated	Hire buildings	Land and buildings	Plant and equipment	Total
Year ended 30 June 2010				
Opening net book amount	33,175	8,488	8,146	49,809
Additions	-	765	2,121	2,886
Acquisition of controlled entities	-	-	932	932
Disposals	(8,125)	(8,058)	(819)	(17,002)
Impairment of assets (note a)	-	-	(3,224)	(3,224)
Depreciation charge	(6,159)	(84)	(2,942)	(9,185)
Closing net book amount	18,891	1,111	4,214	24,216
At 30 June 2010				
Cost or fair value	34,109	1,355	9,026	44,490
Accumulated depreciation	(15,218)	(244)	(4,812)	(20,274)
Net book amount	18,891	1,111	4,214	24,216
Year ended 30 June 2011				
Opening net book amount	**18,891**	**1,111**	**4,214**	**24,216**
Additions	**408**	**1,114**	**830**	**2,352**
Acquisition of controlled entities	**-**	**-**	**-**	**-**
Disposals	**(1,750)**	**(1,417)**	**(323)**	**(3,490)**
Impairment of assets (note a)	**-**	**-**	**-**	**-**
Depreciation charge	**(4,242)**	**(71)**	**(1,114)**	**(5,427)**
Closing net book amount	**13,307**	**737**	**3,607**	**17,651**
At 30 June 2011				
Cost or fair value	**30,413**	**1,242**	**8,208**	**39,863**
Accumulated depreciation	**(17,106)**	**(505)**	**(4,601)**	**(22,212)**
Net book amount	**13,307**	**737**	**3,607**	**17,651**

Refer to note 18 (a) for information on non-current assets pledged as security by the Group.

(a) Impairment loss
The impairment loss relates to assets that are no longer thought to be used for the purposes that they were acquired for, and their realisable value is $nil as determined by management.

NOTE 14 : NON-CURRENT ASSETS – INVESTMENT PROPERTY

	Consolidated	
	2011	2010
	$'000	$'000
Opening balance at 1 July	**5,966**	6,084
Capitalised subsequent expenditure	**-**	351
Depreciation for the year	**(804)**	(469)
Balance at end of year	**5,162**	5,966

The investment property has been recognised at cost during the current year.

NOTE 14 : NON-CURRENT ASSETS – INVESTMENT PROPERTY (continued)

(a) Amounts recognised in profit or loss for investment properties

The following amounts have been recognised in the statement of comprehensive income in respect of investment property:

	Consolidated 2011 $'000	2010 $'000
Rental income	**2,290**	1,305
Direct operating expenses arising from investment property that generated rental income during the year	**(1,089)**	(749)
	1,201	556

(b) Leasing arrangements

The investment property is leased to tenants under long-term operating lease with rentals payable weekly. Minimum lease payments receivable on leases of investment properties are as follows:

	Consolidated 2011 $'000	2010 $'000
Minimum lease payments under non-cancellable operating leases of investment property are as follows:		
Within one year	**2,327**	2,238
Later than one year but not later than five years	**3,367**	5,476
	5,694	7,714

NOTE 15 : NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	Consolidated 2011 $'000	2010 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	**319**	398
Share issue expenses	**431**	343
Contract provisions	**2,693**	1,170
Borrowing costs	**103**	62
Property, plant and equipment	**686**	969
Carry forward losses	**7,025**	4,072
	11,257	7,014
Other:		
Provisions - other	**410**	246
Doubtful debts	**2**	5
Work in Progress	**442**	442
Sub-total other	**854**	693
Total deferred tax assets	**12,111**	7,707
Deferred tax assets to be recovered within 12 months	**-**	-
Deferred tax assets to be recovered after more than 12 months	**12,111**	7,707
	12,111	7,707

NOTE 15 : NON-CURRENT ASSETS – DEFERRED TAX ASSETS (continued)

	Employee Benefits	Contract Provisions	Share issue expenses	Borrowing costs	Property, Plant and Equipment	Other	Carry forward losses	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Movements – Consolidated								
As at 1 July 2009	556	-	634	48	-	631	-	1,427
(Charged)/ credited to the statement of comprehensive income	(191)	1,170	(291)	14	969	62	4,072	5,805
Charged directly to equity	-	-	-	-	-	-	-	-
Acquisition of subsidiary	33	-	-	-	-	-	-	33
At 30 June 2010	398	1,170	343	62	969	693	4,072	7,707
(Charged)/ credited to the statement of comprehensive income	**(79)**	**1,523**	**(283)**	**41**	**(283)**	**161**	**2,953**	**4,033**
Charged directly to equity	**-**	**-**	**371**	**-**	**-**	**-**	**-**	**371**
Acquisition of subsidiary	**-**	**-**		**-**	**-**	**-**	**-**	**-**
At 30 June 2011	**319**	**2,693**	**431**	**103**	**686**	**854**	**7,025**	**12,111**

NOTE 16 : NON-CURRENT ASSETS – INTANGIBLE ASSETS

Consolidated	Goodwill $'000	Customer contracts $'000	Customer relationships $'000	Total $'000
Year ended 30 June 2010				
Opening net book amount	81,642	-	215	81,857
Additions	-	-	-	-
Additions through acquisition of subsidiary	363	173	-	536
Impairment charge	(50,589)	-	(67)	(50,656)
Amortisation charge	-	(173)	(148)	(321)
Closing net book amount	31,416	-	-	31,416
At 30 June 2010				
Cost or fair value	88,857	-	741	89,598
Accumulated amortisation and impairment	(57,441)	-	(741)	(58,182)
Net book amount	31,416	-	-	31,416
Year ended 30 June 2011				
Opening net book amount	**31,416**	**-**	**-**	**31,416**
Additions	**-**	**-**	**-**	**-**
Impairment charge	**(10,000)**	**-**	**-**	**(10,000)**
Closing net book amount	**21,416**	**-**	**-**	**21,416**
At 30 June 2011				
Cost or fair value	**88,857**	**-**	**-**	**88,857**
Accumulated amortisation and impairment	**(67,441)**	**-**	**-**	**(67,441)**
Net book amount	**21,416**	**-**	**-**	**21,416**

NOTE 16 : NON-CURRENT ASSETS – INTANGIBLE ASSETS (continued)

Amortisation of $nil (2010: $321,000) is included in depreciation and amortisation expense in the statement of comprehensive income. Customer contracts are amortised over the life of the contract in the order book at the date of acquisition. All contracts were completed by the end of June 2010. Customer relationships are amortised over a 5 year period, however during the 2010 year customer relationships were impaired and therefore the remaining $67,000 was written off.

(a) Impairment tests for goodwill
Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment.

A segment-level summary of the goodwill allocation is presented below:

2011	$'000
Transportables	16,416
Construction	5,000
	21,416

2010	$'000
Transportables	16,416
Construction	15,000
	31,416

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections for a five year period based on financial budgets approved by management for the following year, and then extrapolating the first year using an estimated growth rate of 3.0% (2010: 3.0%) per annum for years two, three, four and five with a final terminal value adopted. The growth rate is consistent with the expectations for the industry.

Testing for impairment of goodwill is carried out on an annual basis or more frequently if events or changes in circumstances indicate that it might be impaired.

(b) Key assumptions used for value-in-use calculations

	Growth Rate %	Discount rate %
Year ended 30 June 2010		
Transportables	3	20
Construction	3	20
Year ended 30 June 2011		
Transportables	**3**	**20**
Construction	**3**	**20**

The growth rate is based on expectations of Australia's GDP growth rate, which is considered a more conservative approach for these calculations than using anticipated growth rates in the Groups' key markets which are based around mining areas, which are anticipated to continue growing strongly. The discount rate is based on general construction industry rates of return adjusted for a risk premium relating to the Group's current trading performance.

(c) Impact of possible changes in key assumptions
The recoverable amount of the goodwill of each CGU exceeds the carrying amount of goodwill at 30 June 2011, after applying any relevant impairment charge. Within a relevant range of movement, for the remaining goodwill, a further prima facie impairment against goodwill would arise of $205,000 for every 1% increase in the discount rate, $158,000 for every 1% reduction in the growth rate, and $342,000 for every 5% reduction in forecast EBITDA for each of the next 5 years (with each variable assessed in isolation). Management has considered all relevant factors in reaching the value in use for each CGU, and have applied an impairment amount it considers appropriate having regard to all relevant factors.

(d) Impairment charge
As a result of the impairment testing process an impairment charge of $10,000,000 (2010: $50,589,000) has been made against Goodwill in the current period. All of the $10,000,000 (2010: $17,190,000) relates to the Construction segment with $nil (2010: $33,386,000) relating to the Transportables segment.

The impairment has resulted from continuing difficult market conditions where the Construction segment is tendering in a highly competitive environment and on lower margins.

NOTE 17 : CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated 2011 $'000	2010 $'000 Restated
Trade payables	**14,775**	20,426
Other payables	**7,792**	14,404
	22,567	34,830

NOTE 18 : CURRENT LIABILITIES – BORROWINGS

	Consolidated 2011 $'000	2010 $'000
Secured		
Hire purchase liabilities	**1,564**	11,842
Secured bank loans	**13,000**	15,000
Total secured current borrowings	**14,564**	26,842
Total current borrowings	**14,564**	26,842

(a) Assets pledged as security

The bank loans are secured by:

- a first ranking fixed and floating charge over all the assets and undertakings of each entity in the Group;
- a share and unit mortgage over shares and units held by Nomad Building Solutions Limited in wholly owned Group entities;
- a cross guarantee and indemnity from each of Nomad Building Solutions Limited and its wholly owned entities; and
- a negative pledge from each of Nomad Building Solutions Limited and it's wholly owned entities not to create any encumbrance over its assets and imposes other restrictions on the Group in relation to assets disposals, acquisitions, providing financial accommodation and guarantees.

The hire purchase liabilities are secured by the financier having the right to the asset under hire purchase in the event of default.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

NOTE 18 : CURRENT LIABILITIES – BORROWINGS (continued)

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
Floating charge			
Cash and cash equivalents	9	**17,042**	8,845
Receivables	10	**18,597**	24,588
Inventories	11	**9,616**	20,741
Total current assets pledged as security		**45,255**	54,174
Non-current			
Hire Purchase Liabilities			
Hire buildings	13	**13,307**	18,891
Floating charge			
Land and Buildings	13	**737**	1,111
Plant and equipment	13	**3,607**	4,214
Receivables	12	**34**	109
Investment property	14	**5,162**	5,966
		9,540	11,400
Total non-current assets pledged as security		**22,847**	30,291
Total assets pledged as security		**68,102**	84,465

(b) Bank loans

The bank loans are provided by Westpac Banking Corporation under extensions of the facility agreement entered in October 2010. The Company has agreed to terms of a new facility that will provide banking facilities until 31 August 2012, with formal documentation executed on 30 August 2011. The bank loans have variable interest rates and are rolled or repaid over periods up to the end of the facility agreement. The current interest rate is 7.46% (2010: 5.3%).

The above interest rate relates to the cash advance facility. The interest rate relating to the asset finance facility is disclosed in note 29(c). See note (c) below, and also note 2(c), for further information on the bank loans.

(c) Fair value

The carrying amounts and fair values of borrowings at balance date are:

Group	**2011 Carrying amount $'000**	**2011 Fair value $'000**	2010 Carrying amount $'000	2010 Fair value $'000
Non-traded financial liabilities				
Bank loans	**13,000**	**13,000**	15,000	15,000
Lease liabilities	**1,564**	**1,564**	11,842	11,842
	14,564	**14,564**	26,842	26,842

Fair value is inclusive of costs which would be incurred on settlement of a liability.

The fair value of borrowings equals their carrying amount due to their short term nature.

(d) Risk exposures

Information about the Group's exposure to interest rate changes is provided in note 2.

NOTE 19 : CURRENT LIABILITIES – PROVISIONS

	Consolidated 2011 $'000	Consolidated 2010 $'000
Employee benefits	**858**	1,203
Audit fees	**127**	74
Contractual disputes	**8,977**	3,900
Other	**742**	7
	10,704	5,184

(a) Movement in provisions
Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated 2011	Audit Fees $'000	Contractual disputes $'000	Other $'000	Total $'000
Current				
Carrying amount at start of year	74	3,900	7	3,981
Additional provisions recognised	127	5,502	317	5,946
Amounts used during the period	(74)	-	(7)	(81)
Carrying amount at end of the year	127	9,402	317	9,846

NOTE 20 : NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	Consolidated 2011 $'000	Consolidated 2010 $'000
The balance comprises temporary differences attributable to:		
Intangible assets	**-**	-
Other		
Property, plant and equipment	**54**	173
Prepayments	**148**	123
Total deferred tax liabilities	**202**	296
Deferred tax liabilities to be settled within 12 months	**93**	22
Deferred tax liabilities to be settled after more than 12 months	**109**	274
	202	296

Movement – Consolidated	Property, plant and equipment $'000	Intangible assets $'000	Prepayment $'000	Total $'000
At 1 July 2009	-	65	-	65
(Credited) to the statement of comprehensive income	173	(65)	123	231
Acquisition of subsidiary	-	-	-	-
At 30 June 2010	173	-	123	296
(Credited) to the statement of comprehensive income	**(119)**	**-**	**25**	**(94)**
Acquisition of subsidiary	**-**	**-**	**-**	**-**
At 30 June 2011	**54**	**-**	**148**	**202**

NOTE 21 : NON-CURRENT PROVISIONS

	Consolidated 2011 $'000	Consolidated 2010 $'000
Employee benefits-long service leave	**57**	102

NOTE 22 : CONTRIBUTED EQUITY

	Notes	Consolidated and Parent entity 2011 Shares	Consolidated and Parent entity 2010 Shares	Consolidated and Parent entity 2011 $'000	Consolidated and Parent entity 2010 $'000
(a) Share Capital					
Ordinary shares					
Fully paid	(b), (c), (e)	**277,479,329**	138,138,976	**107,773**	94,296

(b) Movements in ordinary share capital

Date	Details	Note	Number of shares	Issue Price	$'000
1 July 2009	Balance		137,304,906		93,495
23 October 2009	Shares issued under dividend reinvestment plan		834,070	$0.96	801
	Less: Transaction costs arising on share issues		-		-
30 June 2010	Balance		138,138,976		94,296
16 November 2010	Fully Paid Ordinary Shares		**20,420,486**	**$0.12**	**2,450**
23 December 2010	Rights Issue		**118,919,867**	**$0.10**	**11,892**
	Less: Transaction costs arising on share issues				**(1,236)**
	Income tax on transaction costs				**371**
30 June 2011	Balance		**277,479,329**		**107,773**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amount paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares, at a discount of 2.5% to the market price, rather than by being paid in cash. The plan was amended by the Board in August 2008 so that no discount was applied to shares issued under the plan. The dividend reinvestment plan is currently suspended.

(e) Options

Information relating to the Nomad Long-term Incentive Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 38.

NOTE 22 : CONTRIBUTED EQUITY (continued)

(f) Rights Issue

On 8 November 2010 the Company issued an additional 20,420,486 ordinary shares at an issued price of $0.12 per share to institutional investors.

On 22 December 2010 the Company issued an additional 118,919,867 ordinary shares at an issue price of $0.10 per share on the basis of a rights issue of 3 new shares for every 4 shares held. Rights not exercised by existing shareholders were issued to underwriters and other existing shareholders who over subscribed or to the rights issue.

(g) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents. Total equity is the 'Equity' amount as shown in the statement of financial position.

During 2011, the Group's strategy, which was unchanged from 2010, was to maintain a gearing ratio below 50%. The gearing ratios at 30 June 2011 and 30 June 2010 were as follows:

	Note	Consolidated 2011 $'000	2010 $'000
Total borrowings	18	**14,564**	26,842
Less: cash and cash equivalents	9	**(17,042)**	(8,845)
Net (cash) / debt		**(2,478)**	17,997
Total equity		**47,776**	54,390
Total borrowings to total equity		**30%**	49%

NOTE 23 : RESERVES AND RETAINED PROFITS / (ACCUMULATED LOSSES)

	Note	Consolidated 2011 $'000	2010 $'000 Restated
(a) Reserves			
Movements in share-based payments reserve were as follows:			
Balance 1 July		**30**	201
Option expense		**80**	(171)
Balance 30 June		**110**	30
(b) Accumulated losses			
Movements in retained profits were as follows:			
Balance 1 July		**(39,936)**	27,338
Net (Loss) / Profit for the year		**(20,171)**	(63,842)
Dividends	25(a)	**-**	(3,432)
Balance 30 June		**(60,107)**	(39,936)

NOTE 23 : RESERVES AND RETAINED PROFITS / / (ACCUMULATED LOSSES) (continued)

(c) Nature and purpose of reserves
Share-based payments reserve
The share-based payments reserve is used to recognise the issue date fair value of options issued to employees but not exercised.

NOTE 24 : DISCONTINUED OPERATION

(i) Description
In December 2010 the operations of RTS Group Pty Ltd were discontinued and finalised on 31 January 2011. The entity was not a discontinued operation or classified as held for sale as at 30 June 2010 and the comparative income statement below has been re-presented to show the discontinued operation separately to the continuing operations.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(ii) Financial performance and cash flow information

	2011 $'000	**2010 $'000**
Results of discontinued operation		
Revenue	**4,619**	7,760
Expenses	**(6,065)**	(10,601)
Profit/(loss) before income tax expense	**(1,446)**	(2,841)
Income tax benefit/(expense)	**434**	743
Net profit/(loss) after income tax of discontinued operation	**(1,012)**	(2,098)
Gain on sale of assets	**232**	-
Income tax on gain on closure of discontinued operation	**(70)**	-
Profit/(loss) from discontinued operation	**(850)**	(2,098)
Cash flows from (used in) discontinued operations		
Net cash used in operating activities	**(295)**	(2,150)
Net cash from investing activities	**232**	(1,288)
Net cash from financing activities	**(178)**	3,904
Net increase/(decrease) in cash generated by the division	**(241)**	466

Carrying amounts of assets and liabilities
The carrying amounts of assets and liabilities as at 30 June 2011 were:

Details of the closure of the division:		
Consideration received or receivable		
Cash	**232**	-
Total consideration on closure	**232**	-
Carrying amount of net assets disposed of on closure	**-**	-
Gain on disposal before income tax	**232**	-
Income tax expense	**(70)**	-
Gain on disposal after income tax	**162**	-

NOTE 25 : DIVIDENDS

	2011 $'000	2010 $'000
(a) Ordinary shares		
Final dividend for the period ended 30 June 2010 of nil (2009: 5.5 cents) per fully paid share paid (2009: 23 October 2009)		
Fully franked based on tax paid @ 30%	-	3,432
Interim dividend for the year ended 30 June 2011 of nil (2010: nil) per fully paid share paid		
Fully franked based on tax paid @ 30%	-	-
Total dividends provided for or paid	-	3,432
Dividends paid in cash	-	2,631
Satisfied by issue of shares	-	801
	-	3,432
(b) Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have not declared the payment of a final dividend (2010 – nil). The aggregate amount of the dividend expected to be paid out of retained profits at 30 June 2012, but not recognised as a liability at year end, is:	-	-

(c) Franked dividends

The franked portions of future dividend payments will be made out of existing franking credits as applicable at the time of payment.

	Consolidated 2011 $'000	2010 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2010 – 30%) are:	**17,829**	17,829

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
(a) franking credits that will arise from the payment of the amount of the provision for income tax;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

There is no change in the franking account balance as no dividends have been declared by the directors since year end and no income tax is payable in respect of the year ended 30 June 2011.

NOTE 26 : KEY MANAGEMENT PERSONNEL

(a) Key management personnel compensation

	Consolidated 2011 $	2010 $
Short-term employee benefits	**2,011,261**	2,432,372
Post-employment benefits	**142,223**	183,354
Share based payments	**82,552**	21,006
	2,236,036	2,636,732

Detailed remuneration disclosures are provided in the Remuneration Report on pages 19 to 20.

(b) Equity instrument disclosure relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with the terms and conditions of the options can be found in section D of the Remuneration Report.

(ii) Option holdings

The number of options over ordinary shares in the Company held during the financial year by each executive director of Nomad Building Solutions Limited and other key management personnel of the Group, including their personally held related parties, are set out below.

2011

Name	Balance at the start of the year	Granted as compens-ation	Exercised	Other Changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Nomad Building Solutions Limited							
A J Thomas	700,000	-	-	(700,000)	-	-	-
M J Bourke	-	4,000,000	-	-	4,000,000	-	4,000,000
Other key management personnel of the Group							
P O Depiazzi	500,000	-	-	(500,000)	-	-	-
B McDonald	300,000	1,000,000	-	-	1,300,000	-	1,300,000
A J Sturcke	-	1,000,000	-	-	1,000,000	-	1,000,000
M B Brockbank	-	1,000,000	-	-	1,000,000	-	1,000,000
E P Davies	-	1,000,000	-	-	1,000,000	-	1,000,000
P A Robinson	-	300,000	-	-	300,000	-	300,000

Mr A J Thomas and Mr P O Depiazzi ceased employment on 3 September 2010 and 8 July 2011 respectively. The options granted to Mr A J Thomas and P O Depiazzi lapsed on their cessation of employment. Options issued to other key management personnel have an issue date of 1 July 2011, however grant date was in June 2011.

2010

Name	Balance at the start of the year	Granted as compens-ation	Exercised	Other Changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Nomad Building Solutions Limited							
A J Thomas	700,000	-	-	-	700,000	-	700,000
W J McGrath	700,000	-	-	(700,000)	-	-	-
Other key management personnel of the Group							
D W Staunton	60,000	240,000	-	(300,000)	-	-	-
P O Depiazzi	500,000	-	-	-	500,000	-	500,000
B McDonald	-	300,000	-	-	300,000	-	300,000
B D Praetz	300,000		-	(300,000)	-	-	-

Mr W J McGrath and B D Praetz ceased employment on 14 May 2010 and 30 June 2010 respectively. The options granted to Mr W J McGrath and B D Praetz lapsed on their cessation of employment.

NOTE 26 : KEY MANAGEMENT PERSONNEL (continued)

(b) Equity instrument disclosure relating to key management personnel (continued)

(iii) Share holdings

The number of shares in the Company held during the financial year by each director of Nomad Building Solutions Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares issued during the reporting period as compensation.

2011 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year	Nominally held
Directors of Nomad Building Solutions Limited					
Ordinary shares					
P G Abery	-	-	750,000	750,000	750,000
D A Craig	-	-	200,000	200,000	200,000
D J Franklyn	-	-	12,010,390	12,010,390	12,010,390
R L Blair	227,584	-	(227,584)	-	-
P J Slaughter	160,877	-	(160,877)	-	-
M J Bourke	-	-	270,000	270,000	-
A J Thomas	3,044,000	-	(3,044,000)	-	-
Other key management personnel of the Group					
B McDonald	-	-	-	-	-
P A Robinson	7,500	-	20,000	27,500	27,500
A J Sturcke	-	-	160,000	160,000	160,000
M B Brockbank	-	-	-	-	-
E P Davies	-	-	-	-	-
P O Depiazzi	200,000	-	-	200,000	200,000

2010 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year	Nominally held
Directors of Nomad Building Solutions Limited					
Ordinary shares					
R L Blair	182,823	-	44,761	227,584	227,584
P J Slaughter	120,127	-	40,750	160,877	160,877
W J McGrath	1,602,127	-	(1,602,127)	-	-
A J Thomas	2,967,000	-	77,000	3,044,000	3,044,000
Other key management personnel of the Group					
D W Staunton	78,207	-	(78,207)	-	-
B D Praetz	19,900	-	(19,900)	-	-
P O Depiazzi	200,000	-	-	200,000	200,000
B McDonald	-	-	-	-	-
P A Robinson	-	-	7,500	7,500	7,500

(c) Loans to key management personnel

There were no loans made to directors of Nomad Building Solutions Limited or any other key management personnel of the Group, including their personally related parties, during the years ended 30 June 2011 or 30 June 2010.

NOTE 26 : KEY MANAGEMENT PERSONNEL (continued)

(d) Other transactions with key management personnel

A former director, Mr A J Thomas, is a director of Hamersley Pty Ltd. Rapley Wilkinson Pty Ltd has rented premises from Hamersley Pty Ltd since March 2008. The rental agreement is based on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with key management personnel of Nomad Building Solutions Limited:

	Consolidated	
	2011	2010
	$	$
Amounts recognised as revenue		
Sales revenue for construction	**564,236**	-
Sales revenue for project management fees	**-**	16,000
Amounts recognised as expense		
Rent of premises	**49,225**	528,046
Amounts recognised as receivables		
Trade receivables	**-**	-
Amounts recognised as payables		
Due to vendor on acquisition	**-**	-
Trade creditors and other payables	**-**	129,801
Amounts recognised as work in progress		
Work in progress	**-**	-
Amounts recognised as accrued		
Accrued income	**-**	82,075

NOTE 27 : REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	Consolidated	
	2011	2010
	$	$
BDO Audit (WA) Pty Ltd		
Audit services		
Audit and review of financial statements	**166,000**	163,000
Other assurance services	**6,570**	8,900
Total remuneration for audit and other services	**172,570**	171,900

During the year the main company tax advisor became a related party to BDO Audit (WA) Pty Ltd. The value of taxation and other services provided to the Group is not considered to be at a level that would compromise audit independence. Other corporate financial services have been provided by other chartered accounting firms not associated with BDO Audit (WA) Pty Ltd during the year.

NOTE 28 : CONTINGENCIES

Contingent liabilities

The Group is party to a number of contracts which through the ordinary course of business are now the subject of claims by customers or suppliers. The Group has reviewed these claims and, where appropriate, made provision in the accounts for settlement of the claims. Where the Group does not believe a liability will exist it has not made a provision. If all claims were to be settled at the total claim amount then the amount not provided for is approximately $2,000,000 (2010: $6,000,000) excluding those amounts the Company consider settlement to be remote.

Contingent instruments
The Group had outstanding guarantees to the value of $11,769,000 (2010: $24,138,000) all of which are expected to be recovered without claim. Bank guarantees are provided in certain contracts as a percentage of the contract sum. Generally, two bank guarantees, each ranging from 2.5% to 5.0% of the contract sum are provided to:

1) guarantee the performance of contractual terms until practical completion, and
2) as security for defects liability being the 12 month period from the date of practical completion.

There is no liability that should be recognised in relation to these guarantees.

Other than the items above the Group had no contingent liabilities at 30 June 2011 (2010: nil).

NOTE 29 : COMMITMENTS

(a) Capital Commitments
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Property, plant and equipment		
Payable:		
Within one year	**-**	-
Later than one year but not later than five years	**-**	-
	-	-

(b) Operating lease commitments – Group as lessee

	Consolidated	
	2011	2010
	$'000	$'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**3,497**	6,847
Later than one year but not later than five years	**7,868**	8,835
Greater than five years	**4,658**	5,143
	16,023	20,825
Representing:		
Cancellable operating leases	**475**	213
Non-cancellable operating leases	**15,548**	20,612
	16,023	20,825

The Group leases various offices and warehouses under non-cancellable operating leases usually expiring within two to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

NOTE 29 : COMMITMENTS (continued)

(c) Finance leases (hire purchase)

	Note	Consolidated 2011 $'000	2010 $'000
Commitments for minimum lease payments in relation to finance leases are payable as follows:			
Within one year		**1,647**	12,350
Later than one year but not later than five years		**-**	-
		1,647	12,350
Future finance charges on hire purchase liabilities		**(83)**	(508)
		1,564	11,842
Representing hire purchase liabilities:			
Current	18	**1,564**	11,842
Non-current		**-**	-
		1,564	11,842

The weighted average interest rate implicit in the leases is 5.89% (2010: 7.28 %).

The above finance lease commitments are for repayment of hire purchase loans drawn down for the purchase of investment property. The loan terms are five years. The remaining balance was paid in full in July 2011.

(d) Sub-lease payments

	Consolidated 2011 $'000	2010 $'000
Future minimum lease payments expected to be received in relation to non cancellable sub-leases of operating leases	**481**	251

NOTE 30 : RELATED PARTY TRANSACTIONS

(a) Subsidiaries
The wholly-owned Group consists of Nomad Building Solutions Limited and its wholly owned controlled entities as detailed in note 32.

(b) Key management personnel
Disclosures relating to key management personnel are set out in note 26.

No provisions for bad debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

NOTE 31 : BUSINESS COMBINATIONS

During 2010 the Group acquired the steel framing, painting and concrete slab manufacturing assets and business of Residential Truss Systems Pty Ltd. The Group made no acquisitions during the 2011 year. Details of the acquisition for 2010 are set out below.

2010

RTS Group

(a) Summary of acquisition

On 1 October 2009 Nomad Transportables Pty Limited, a wholly owned subsidiary of Nomad Building Solutions Limited, acquired 100% of the steel framing, painting and concrete slab manufacturing assets and business of Residential Truss Systems Pty Ltd. Nomad Transportables Pty Ltd subsequently changed its name to RTS Group Pty Ltd. The acquisition was expected to secure supply and reduce costs of key manufacturing inputs to the transportable building segment,

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

Purchase consideration (refer to (b) below):

	$'000
Cash paid	1,487
Total purchase consideration	**1,487**
Fair value of net identifiable assets acquired (refer to (c) below)	(1,124)
Goodwill (refer to (c) below and note 16)	**363**

(b) Purchase consideration

Outflow of cash to acquire subsidiary, net of cash acquired:	
Cash consideration	1,487
Outflow of cash	1,487

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $'000	Fair value $'000
Customer contracts	-	173
Property, plant and equipment	932	932
Deferred tax assets	-	34
Inventory	98	98
Employee entitlements	(113)	(113)
Net identifiable assets acquired	**917**	**1,124**

The goodwill is attributable to the systems and processes of RTS Group for cost effective production of their core products, and the expected savings expected to be achieved in the wider Group business.

Acquisition related costs

Acquisition-related costs of $87,000 are included in the other expenses of the statement of comprehensive income.

Revenue and profit contribution

The acquired business contributed revenues of $7,760,000 and net loss after tax of $2,085,000 to the Group for the period from acquisition to 30 June 2010, including customer contracts amortisation expense of $173,000, $87,000 of acquisition related costs and impairment of all property, plant and equipment of $932.000 and goodwill of $363,000.

NOTE 31 : BUSINESS COMBINATION (continued)

Cashflow information

	$'000
Outflow of cash to acquire subsidiary, net of cash acquired:	
Cash consideration	1,487
Acquisition related costs	87
	1,574
Less cash balance acquired	-
Outflow of cash	1,574

NOTE 32 : SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of Incorporation	Class of shares	Entity holding 2011 %	Entity holding 2010 %
Nomad Modular Building Pty Ltd	Australia	Ordinary	100	100
RTS Group Pty Ltd (formerly Nomad Transportables Pty Ltd)	Australia	Ordinary	100	100
Pivot Way Pty Ltd	Australia	Ordinary	100	100
Pivot Way Trust	Australia	Units	100	100
Nomad Eastern States Pty Ltd (formerly Halley Homes Pty Ltd)	Australia	Ordinary	100	100
Rapley Wilkinson Pty Ltd (formerly Sabre Nominees Pty Ltd)	Australia	Ordinary	100	100
Rapley Wilkinson Property Pty Ltd	Australia	Ordinary	100	100
Nomad Properties Pty Ltd (formerly Rapley Wilkinson No 2 Pty Ltd)	Australia	Ordinary	100	100
Lifestyle Living Solutions Pty Ltd	Australia	Ordinary	100	100

All entities are directly controlled (100%) by Nomad Building Solutions Limited.

NOTE 33 : SEGMENT REPORTING

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Board currently consists of three non-Executive directors and one executive director.

The Board considers the business from product perspective and has identified 2 reporting segments. The Transportables division consists of all centralised manufacturing operations, including internal suppliers to the manufacturing operations. The Construction division consists of all operations where the majority of the work is in situ construction. 'Other' consists of an asset that is leased out and management of the Group, the results of which are not separately disclosed to the Board. The Group operates in one geographical area being Australia.

NOTE 33 : SEGMENT REPORTING (continued)

(b) Segment information provided to the Board

Segment information provided to the Board for the year ended 30 June 2011 is as follows:

2011	Transportable $'000	Construction $'000	Other $'000	Total $'000
Segment Revenue				
Total segment revenue	117,095	55,573	2,290	174,958
Inter-segment revenue	(83)	(188)	-	(271)
Segment revenue from external customers	117,012	55,385	2,290	174,687
EBITDA	1,842	(2,543)	2,091	1,390
Interest revenue	81	35	2	118
Interest expense	366	3	109	478
Depreciation and amortisation	5,161	233	806	6,200
Impairment - (note 16(d))	-	10,000	-	10,000
Segment Assets and Liabilities				
Segment assets	61,059	11,857	2,609	75,525
Segment liabilities	22,693	6,439	1,794	30,926
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	2,076	88	-	2,164

NOTE 33 : SEGMENT REPORTING (continued)

(b) Segment information provided to the Board (continued)

Segment information provided to the Board committee for the year ended 30 June 2010 is as follows:

2010	Transportable $'000 Restated	Construction $'000 Restated	Other $'000 Restated	Total $'000 Restated
Segment Revenue				
Total segment revenue	138,897	76,658	1,305	216,860
Inter-segment revenue	(522)	(1,077)	-	(1,599)
Segment revenue from external customers	138,375	75,581	1,305	215,261
EBITDA	2,534	(1,388)	1,189	2,335
Interest revenue	77	40	1	118
Interest expense	1,258	3	163	1,424
Depreciation and amortisation	7,427	413	470	8,310
Impairment - (note 16d)	33,033	17,190	-	50,223
Segment Assets and Liabilities				
Segment assets	83,326	27,027	9,280	119,633
Segment liabilities	35,121	15,640	2,169	52,930
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	476	367	469	1,312

NOTE 33 : SEGMENT REPORTING (continued)

(c) Other segment information

(i) Segment revenue

Inter-segment revenue comprises sales between segments which are on arm's length terms. Segment revenues from external customers are measured in accordance with the accounting policy described in note 1(d).

Segment revenue reconciles to total revenue from continuing operations as follows:

	Consolidated	
	2011 $'000	2010 $'000 Restated
Total segment revenue	**174,805**	215,379
Interest revenue	**334**	17
Total revenue from continuing operations (refer Note 4)	**175,139**	215,396

(ii) EBITDA

The Board monitors segment performance based on EBITDA. This measure excludes non-recurring expenditure such as impairments and share-based payments as well interest expense and unrealised gains/losses on financial instruments, which are considered part of the treasury function.

EBITDA reconciles to operating profit before income tax as follows:

	Consolidated	
	2011 $'000	2010 $'000 Restated
Total segment EBITDA	**1,390**	2,335
Inter segment eliminations	**-**	1,923
Revenue not attributable to operating segments	**10**	-
Interest Revenue	**452**	135
Finance costs	**(2,127)**	(3,009)
Depreciation	**(6,231)**	(8,849)
Amortisation	**-**	(321)
Impairment	**(10,000)**	(52,636)
Consultants and legal expenses	**(1,351)**	(1,359)
Employee benefits expenses	**(3,003)**	(3,317)
Other Expenses	**(2,149)**	(1,551)
Share-based payments	**(80)**	171
Operating (Loss) / Profit before income tax from continuing operations	**(23,089)**	(66,478)

NOTE 33 : SEGMENT REPORTING (continued)

(c) Other segment information (continued)

(iii) Segment assets

Segment asset amounts provided to the Board are measured in the same way that they are measured in the financial statements. Assets are allocated based on the operations of the segment and the physical location of the asset. Assets used jointly by reportable segments are allocated based on revenues earned. Financial instruments other than segment receivables and payables are part of the treasury function and not allocated to segments.

Segment assets reconcile to total assets as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Segment assets	**75,525**	119,633
Inter-segment eliminations	**67**	(5,783)
Current tax asset	**-**	1,611
Deferred tax assets	**12,111**	7,707
Non-segment assets	**13,925**	2,031
Total assets per statement of financial position	**101,628**	125,199

(iv) Segment liabilities

Segment liability amounts provided to the Board are measured in the same way that they are measured in the financial statements. Liabilities are allocated based on the operations of the segment. Liabilities incurred jointly by reportable segments are allocated based on total capital required by individual segments. Borrowings are part of the treasury function and not allocated to segments.

Segment liabilities reconcile to total liabilities as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Segment liabilities	**30,926**	52,930
Inter-segment eliminations	**(67)**	(145)
Secured bank loan	**13,000**	15,000
Deferred tax liabilities	**202**	296
Non-segment liabilities	**9,791**	2,728
Total liabilities per statement of financial position	**53,852**	70,809

(v) Correction of error

(a) Accounting for project revenue in the Transportable segment
Due to the error in progress claims to date recorded against a project, the Inventory balance of the Transportable segment was overstated by $1,472,000 at 30 June 2010. There was EBITDA impact during the comparative period.

(b) Correction of error in accounting for recording of liability to subcontractors
The identification of the issue where the Company may not have properly recognised the application of superannuation guarantee legislation led to liabilities for the Transportable segment being under stated by $516,000 and the Construction segment by $293,000 at 30 June 2010. The error had the impact of overstating the EBITDA for the Transportable segment by $516,000 and the Construction segment by $293,000 in the year ended 30 June 2010.

Further information on the error is set out in note 8.

NOTE 34 : EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 10 August 2011the Company announced the establishment of a manufacturing agreement with Austal Ltd. The agreement provides Nomad Modular with an opportunity to manufacture and assemble some of its modular buildings in Austal's state-of-the-art manufacturing facility, located in the Henderson based, Australian Marine Complex.

On 30 August 2011 the Group signed the formal documentation to extend the banking facility to 31 August 2012.

No other matters or circumstances have arisen since 30 June 2011 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years;
(b) the results of those operations in future financial years; or
(c) the Group's state of affairs in future financial years.

NOTE 35 : RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2011 $'000	2010 $'000
(Loss) / Profit for the year	**(20,171)**	(63,842)
Add back items:		
Depreciation and amortisation	**6,231**	9,170
Impairment charge	**10,000**	53,933
Dividend and interest income	**(466)**	(142)
Written down value of non-current assets sold	**3,244**	9,504
Share-based payments	**80**	(171)
Doubtful debts	**-**	65
Change in operating assets and liabilities:		
Decrease in trade debtors	**5,554**	20,724
(Increase) / decrease in inventories	**11,124**	(7,019)
(Increase) in other operating assets	**511**	212
(Increase) / decrease in deferred tax asset	**(4,033)**	(5,913)
Increase / (Decrease) increase in other provisions	**6,752**	4,786
(Decrease) in trade creditors	**(11,335)**	(12,587)
(Decrease) in provision for income taxes	**1,611**	149
Increase / (decrease) in provision for deferred tax liability	**(94)**	231
Net cash inflow from operating Activities	**9,008**	9,100

NOTE 36: NON-CASH INVESTING AND FINANCING ACTIVITIES

	Consolidated	
	2011 $'000	2010 $'000
Issue of shares under dividend reinvestment plan	**-**	801

NOTE 37: EARNINGS PER SHARE

		Consolidated 2011 Cents	Consolidated 2010 Cents
(a)	**Basic (loss) / earnings per share from continuing operations before goodwill impairment**	**(4.2)**	(9.4)
(b)	**Basic (loss) / earnings per share**	**(9.2)**	(46.3)
(c)	**Diluted (loss) / earnings per share**	**(9.2)**	(46.3)
(b)	**Basic (loss) / earnings per share from continuing operations**	**(8.8)**	(44.8)
(c)	**Diluted (loss) / earnings per share from continuing operations**	**(8.8)**	(44.8)
(d)	**Reconciliations of (loss) / earnings used in calculating earnings per share**	**$'000**	$'000
	Basic and diluted (loss) / earnings per share:		
	(Loss) / Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share before goodwill impairment	**(9,180)**	(13,002)
	(Loss) / Profit attributable to the ordinary equity holders of the Company used in calculating basic (loss) / earnings per share	**(20,170)**	(63,842)
	(Loss) / Profit attributable to the ordinary equity holders of the Company used in calculating diluted (loss) / earnings per share	**(20,170)**	(63,842)
	(Loss) / Profit attributable to the ordinary equity holders of the Company used in calculating basic (loss) / earnings per share from continuing operations	**(19,320)**	(61,746)
	(Loss) / Profit attributable to the ordinary equity holders of the Company used in calculating diluted (loss) / earnings per share from continuing operations	**(19,320)**	(61,746)
(e)	**Weighted average number of shares used as the denominator**	**Number**	Number
	Weighted average number of shares used as the denominator in calculating basic earnings per share before goodwill impairment	**219,975,923**	137,873,902
	Weighted average number of shares used as the denominator in calculating basic earnings per share	**219,975,923**	137,873,902
	Adjustment for calculation of diluted earnings per share for options	**-**	-
	Weighted average number of shares used as the denominator in calculating diluted earnings per share	**219,975,923**	137,873,902

(f) Information concerning the classification of securities

Options granted to employees under the Nomad Long-term Incentive Option Plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 38.

NOTE 38: SHARE-BASED PAYMENTS

(a) Employee option plans

The Nomad Long-term Incentive Plans, as amended from time to time, are designed to provide long-term incentives for executives and managers to deliver superior long-term shareholder returns.

For all Plans:

- The options can only be exercised if the employees are still employed by the Group.
- Options issued under each Plan carry no dividend or voting rights. Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company. Each Plan's rules do not permit the transfer of options.
- No options have vested and as a result no ordinary shares in the Company provided as a result of the exercise of remuneration options to directors of Nomad Building Solutions Limited and other key management personnel of the Group.
- No options expired during the period.
- Options forfeited during the financial year due to employee resignations are scheduled below.

Nomad Long-term Incentive Plan 2008

Options were issued under the Nomad Long-term Incentive Plan 2008 which was approved by shareholders on 29 October 2008.

Vesting occurs automatically each anniversary; options vest in three equal tranches on the first, second and third anniversaries of the date on which the Options are issued. The options which vest are subject to two independent measures before they can be exercised. Each measure provides for up to 50% of the available vested options to be exercised. The targets are Nomad Building Solutions Limited's performance against two benchmarks, namely:

(a) annual earnings per share growth, exceeding 20% per annum from the grant date, or subsequent anniversary dates; and
(b) total shareholder return exceeding the return of the mid-ranked company in the ASX 300 All Industrials Accumulation Index ("ASX 300 AI") from the grant date.

Exercise benchmarks can be met on a cumulative basis.

Once vested, the options remain exercisable for a period of 5 years from the issue date. When exercisable, each option is convertible into one ordinary share

The original exercise price of the options of $0.81 was established as the volume weighted average price in the 5 trading days immediately before 30 October 2008, following shareholder approval. The exercise price was revised to 0.7889 following the rights issue in December 2010 Since the criteria were set, the Company's share price has underperformed the ASX 300 AI. Business share price and operating results would need to improve significantly for performance hurdles to be met under this Plan.

Managing Director Long-term Incentive Plan 2010

Options were issued under the Nomad Long-term Executive Incentive Plan 2010, which was approved by a General Meeting of the Company on 19 October 2010.

Vesting is based on two independent measures, with each measure providing up to 50% of the available units. The targets are Nomad Building Solutions Limited's results against two benchmarks, namely:

(a) Net Profit After Tax growth year-on-year; and
(b) total shareholder return exceeding the return of the mid-ranked company in the ASX 300 AI from the issue date.

If options do not vest at the first available vesting date, they become vested and exercisable if the tests are passed on a cumulative basis, for the period of measurement at a subsequent vesting date.

Once vested, the options remain exercisable for a period of 5 years from the issue date. When exercisable, each option is convertible into one ordinary share.

All shares issued upon exercise of options will be held in escrow until the end of an escrow period.

Proportion of issue to an individual	End of escrow period
One half	36 months after issue date of options
One sixth	42 months after issue date of options
One sixth	48 months after issue date of options
One sixth	54 months after issue date of options

NOTE 38: SHARE-BASED PAYMENTS (continued)

(a) Employee option plans (continued)

The initial exercise price of the options of $0.14 was established as the volume weighted average price (VWAP) during the 5 trading days to 19 July 2010, being the appointment date of Mr M J Bourke. The exercise price was adjusted to $0.1189, in line with ASX rules on the completion of the rights issue in December 2010. For subsequent options issued under the Plan, the exercise price will be the Board approved exercise price having reference to the current value of shares at the date of approving the offer of options to employees.

There is insufficient data available at this point in time to provide a reasonable commentary on the likelihood of options in this Plan vesting.

<u>Executive Long-term Incentive Plan 2011</u>
Options were issued under the Nomad Long-term Executive Incentive Plan 2011, which was approved by the Board of the company on 26 May 2011.

Vesting is based on two independent measures, with each measure providing up to 50% of the available units. The targets are Nomad Building Solutions Limited's results against two benchmarks, namely:

(a) earnings per share targets for the first, second and third years;, and
(b) total shareholder return exceeding the return of the mid-ranked company in the ASX 300 AI from the issue date.

If options do not vest at the first available vesting date, they become vested and exercisable if the tests are passed on a cumulative basis, for the period of measurement at a subsequent vesting date.

Once vested, the options remain exercisable for a period of 5 years from the issue date. When exercisable, each option is convertible into one ordinary share.

All shares issued upon exercise of options will be held in escrow until the end of an escrow period.

Proportion of issue to an individual	**End of escrow period**
One half	36 months after issue date of options
One sixth	42 months after issue date of options
One sixth	48 months after issue date of options
One sixth	54 months after issue date of options

Set out below are summaries of options issued under the plans:

2011

Grant Date	**Expiry Date**	**Exercise Price**	**Balance at start of the year**	**Issued during the year**	**Exercised during the year**	**Forfeited during the year**	**Balance at end of the year**	**Vested and exercisable at end of the year**
		$	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**
26/02/09	26/02/13	$0.7889	860,000	-	-	(750,000)	110,000	-
29/04/09	28/04/14	$0.5289	500,000	-	-	(500,000)	-	-
01/03/10	28/04/14	$0.7289	300,000	-	-	-	300,000	-
28/10/10		$0.1189	-	4,000,000	-	-	4,000,000	
30/06/11	30/6/2016	$0.1300	-	5,100,000	-	-	5,100,000	
Total			1,660,000	9,100,000	-	(1,250,000)	9,510,000	-
Weighted average exercise price			$0.72	$0.13	-	$0.79	$0.15	-

NOTE 38: SHARE-BASED PAYMENTS (continued)

(a) Employee option plans (continued)

2010

Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Issued during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
		$	Number	Number	Number	Number	Number	Number
26/09/07	25/09/11	$1.15	180,000	-	-	(180,000)	-	-
26/09/08	25/09/12	$1.15	80,000	-	-	(80,000)	-	-
26/02/09	26/02/13	$0.81	1,990,000	-	-	(1,130,000)	860,000	-
29/04/09	28/04/14	$0.55	800,000	-	-	(300,000)	500,000	-
13/10/09	28/04/14	$0.75	-	240,000		(240,000)	-	-
01/03/10	28/04/14	$0.75	-	300,000	-	-	300,000	-
Total			3,050,000	540,000	-	(1,930,000)	1,660,000	-
Weighted average exercise price			$0.77	$0.75	-	$0.90	$0.72	-

The weighted average remaining contractual life of share options outstanding at the end of the period was 4.6 years (2010: 3.1 years).

Fair value of options issued

The assessed fair value at issue date of options issued to the individuals is allocated equally over the period from issue date to vesting dates and the amount is included in the remuneration tables above. Fair values at issue date are independently determined using a binomial option pricing, model for options issued up to February 2009, and the enhanced trinomial approach for subsequent issues, that takes into account the exercise price, the term of the option, the impact of dilution, the share price at issue date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The valuation model inputs for options issued during the year ended 30 June 2011 included:

	MD Long Term Incentive Plan 2010	Executive Long Term Incentive Plan 2011
Consideration	Nil	Nil
Vesting / Exercise conditions	See Vesting Conditions Below	See Vesting Conditions Below
Exercise price	$0.1189	$0.13
Grant date	19 October 2010	30 June 2011
Expiry date	27 October 2015	30 June 2016
Share price at issue date	$0.14	$0.105
Expected price volatility of Company's shares	75%	75%
Risk free interest rate	4.00%	4.00%
Fair Value	$0.06890	$0.05565

The valuation model inputs for options issued during the year ended 30 June 2010 included:

	Long Term Executive Incentive Plan 2009
Consideration	Nil
Vesting / Exercise conditions	See Vesting Conditions Below
Exercise price	$0.75
Grant date	1 March 2010
Expiry date	28 April 2014
Share price at issue date	$0.26
Expected price volatility of Company's shares	75%
Risk free interest rate	4.00%
Fair Value	$0.0235

NOTE 38: SHARE-BASED PAYMENTS (continued)

Vesting Conditions

2009 Long Term Executive Incentive Plan

In three tranches weighted at 10% for the first year, 20% for the second year and 70% in the third year. Vesting is based on Nomad Building Solutions Limited's earnings per share and total shareholder return ranked against the ASX 300 AI. Options not vesting in one year may be vested at a subsequent vesting date if hurdles are met on a cumulative basis.

2010 Managing Director Long Term Incentive Plan

In three tranches weighted at 10% for the first year, 20% for the second year and 70% in the third year. Vesting is based on Nomad Building Solutions Limited's earnings per share targets set by the Board and total shareholder return ranked against the ASX 300 AI. Options not vesting in one year may be vested at a subsequent vesting date if hurdles are met on a cumulative basis.

The expected price volatility is based on the 24 month historic volatility notwithstanding the fact that it may not be a representative indicator of future volatility.

Where options are issued to employees of subsidiaries within the Group, the subsidiaries compensate Nomad Building Solutions Limited for the amount recognised as an expense for these options.

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Options issued under employee option plan	**80**	(171)
Total options expense	**80**	(171)

NOTE 39: DEED OF CROSS GUARANTEE

Nomad Building Solutions Limited and all the wholly owned entities forming the consolidated Group are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities, if they are a reporting entity, have been relieved from the requirement to prepare financial statements and directors' reports under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

Nomad Building Solutions Limited and its wholly owned entities represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Nomad Building Solutions Limited, they also represent the 'Extended Closed Group'.

The statement of comprehensive income and statement of financial position of the consolidated Group are the same for the 'Extended Closed Group'.

NOTE 40: PARENT ENTITY SUMMARY

The results for Nomad Building Solutions Pty Ltd ('parent entity') are summarised below:

	Note	Parent entity 2011 $'000	Parent entity 2010 $'000
Net (loss) / profit and total comprehensive (expense) / Income attributable to members of Nomad Building Solutions Limited		**(25,919)**	(58,953)
Total current assets		**8,243**	2,000
Total non-current assets		**54,026**	82,770
Total assets		**62,269**	84,770
Total current liabilities		**14,321**	16,619
Total non-current liabilities		**172**	8,013
Total liabilities		**14,493**	24,632
Net assets		**47,776**	60,138
Equity			
Contributed equity	22	**107,773**	94,296
Reserves		**110**	30
(Accumulated losses) / Retained profits		**(60,107)**	(34,188)
Total equity		**47,776**	60,138

Operating lease commitments

	Parent entity 2010 $'000	Parent entity 2010 $'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**224**	224
Later than one year but not later than five years	**377**	601
	601	825
Representing:		
Non-cancellable operating leases	**601**	825
	601	825

As per note 39 the Group operates under a deed of cross guarantee, under which the Company guarantees the debts of all of its subsidiary companies. The total liability of all other subsidiaries was $34,246,000 (2010: $53,085,000).

The parent entity had no other capital commitments or contingent liability at 30 June 2011 (2010: nil)

Directors' Declaration

The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company and the Group.

2. 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.

3. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

4. The Group has included in the Notes to the Consolidated Financial Statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

Nomad Building Solutions Limited and all wholly owned entities are parties to the deed of cross guarantee under which each company guarantees the debts of the others. At the date of this declaration there are reasonable grounds to believe that the companies which are parties to this deed of cross guarantee will, as a Group, be able to meet any obligations or liabilities to which they are, or may become, subject to, by virtue of the deed of cross guarantee described in note 39.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Michael Bourke
Managing Director

Perth
31 August 2011

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NOMAD BUILDING SOLUTIONS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Nomad Building Solutions Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

(a) the financial report of Nomad Building Solutions Limited is in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 (a) of the financial report which indicates that the consolidated entity incurred a loss after income tax from continuing operations for the year of $19.32m. The Company has executed formal documentation to extend its facilities as at 30 August 2011. The terms of the new banking agreement require the Company to meet covenants to maintain its facilities and the Company's compliance with these covenants will be closely monitored through its standard reporting processes. As at 31 August 2012, the Company is required to renegotiate the renewal of the facility. If the Company is unable to obtain continued financial support of its financiers, or obtain alternative finance, this condition, along with other matters as set forth in Note 1 (a), indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts specified in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Nomad Building Solutions Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO Audit
C Burton

Chris Burton
Director

Perth, Western Australia
Dated this 31st day of August 2011

Supplementary Appendix 4E Information
for the Year Ended 30 June 2010

NET TANGIBLE ASSET PER SHARE

	30 June 2011 Cents	30 June 2010 Restated Cents
Net tangible asset backing per ordinary share	9.5	16.6

DIVIDENDS
Directors have resolved not to declare a dividend.

Date the dividend is payable	N/A
Record date to determine entitlements to the dividend	N/A

Amount per security		**Date paid or payable**	**Amount per security**	**Franked amount per security at 30% tax**	**Amount per security of foreign source dividend**
Final dividend	Current year	N/A	N/A	N/A	N/A
	Previous year	N/A	N/A	N/A	N/A
Interim dividend	Current year	N/A	N/A	N/A	N/A
	Previous year	N/A	N/A	N/A	N/A

DIVIDEND REINVESTMENT PLAN
The Dividend Reinvestment Plan is currently suspended. The Company will review the plan when next considering declaring a Dividend

The last date for the receipt of an election notice for participation in the dividend reinvestment plan is	N/A

Supplementary Appendix 4E Information
for the Year Ended 30 June 2010

Cont'd…

ISSUED AND QUOTED SECURITIES AT END OF CURRENT PERIOD

Category of securities	Total Number	Number quoted	Issue price per security	Amount paid up per security (cents)
Ordinary securities	277,479,329	277,479,329	N/A	Fully Paid
Changes during current period: Shares issued	20,420,486	20,420,486	$0.12	Fully Paid
Rights issue	118,919,867	118,919,867	$0.10	Fully Paid
Options	9,510,000	Nil	Nil	Nil
Changes during current period: Increases through issues under long-term incentive plan	9,100,000	Nil	Nil	Nil
Options lapsed	(1,250,000)	Nil	Nil	Nil

COMMENTARY ON THE RESULTS FOR THE PERIOD
The commentary on the results for the period is contained in the press release dated 30 August 2011 accompanying this statement.

AUDIT
This report is based on accounts that have been audited.

ANNUAL MEETING
The annual meeting will be held as follows:

Place	TBA
Date	TBA
Time	TBA
Approximate date the annual report will be available	TBA

Michael Bourke
Managing Director

Date: 31 August 2011