

11 January 2010

EARNINGS DOWNGRADE

Nomad Building Solutions Limited ("Nomad") advises of an update to its October 2009 guidance for the year ending 30 June 2010 ("FY10").

Nomad now forecasts that its net profit after tax for the full FY10 financial year will be a loss of about \$2 million on revenue of approximately \$250 million. This compares to a profit after tax forecast of \$10 - 12 million previously advised.

The Group's results have been negatively impacted by:

- the failure to secure the level of work, including delays in timing of client tender processes, that was anticipated in the previous forecasts;
- additional costs arising to complete the remaining installation component of resource company accommodation contracts won in previous financial years; and
- continuing pressure on the margins that can be achieved in the commercial environment that Nomad operates in following the global financial crisis.

Nomad has continued to suffer from difficulties in closing out the last of the modular building supply and install contracts for resource project camps it won in the previous economic boom. Poor systems and management have resulted in past installation contracts proving to be financially problematic for Nomad, but the last of these contracts is now reaching practical completion.

While Nomad has yet to prepare its financial results for the 6 months ending 31 December 2009, it currently forecasts that it will report a loss after tax of approximately \$5 million on revenue of approximately \$100 million for the first half of this financial year. The \$4 million reduction in the net result for the first half of FY10 compared with the October guidance arises from recognising additional costs to complete the modular building install projects in the Rapley Wilkinson division.

While Nomad's cash flow forecasts indicate that it will remain within its available facility limits, Nomad has initiated discussion with its bank regarding the revised outlook.

The implementation of the enterprise resource planning (ERP) computer system into Nomad Modular Building has recently been effected and Nomad expects significant gains in controls, information and management decisions to follow in coming months.

Delays in clients awarding new work has deferred the timing of forecast revenue and earnings in all of Nomad's trading divisions. The Nomad Group, however, remains confident of winning a share of this work when eventually awarded. Nomad has also been unsuccessful in a competitive environment to win a number of contracts that were factored into Nomad's October 2009 forecast. As a consequence, work levels are now expected to be lower in the second half of FY10 than were previously anticipated.

Nomad is progressing well with its Gorgon project in Nomad Modular Building.

The Board has been actively reviewing the Company's ability to compete, its cost structures, and its products and services. External consultants are in the process of assisting the Board with market and product studies. While the Board will continue to consider and evaluate strategic options, its focus and that of Management in the next 6 months will be on the Company's return to profitability and on cash flow.

The Company intends to make a further announcement on Wednesday, 13 January 2010 following a Board Meeting to be held tomorrow (12 January) regarding the actions required to address areas of unsatisfactory performance.

Nomad operates in a sector that has been forecast to grow strongly in the next few years and the Board and Management are keen to position Nomad to take commercial advantage of its strengths in regional and remote areas over this period.

Contact

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