

17 August 2010

## **COMPANY UPDATE**

Nomad Building Solutions Limited (“Nomad” or “Company”) provides the following update to the market.

### BACKGROUND

During the past two months Nomad has focused on restructuring to improve operational efficiency and on reviewing the balance sheet. Key achievements during this period include the recent appointment of Mr Michael Bourke as Managing Director as well as making progress on a number of turn-around projects to address identified deficiencies in contracting and project delivery.

As a result of the recent unsatisfactory performance of the Company, the Board has also implemented an independent review of Nomad’s funding, performance and prospects by business consultants, KPMG.

The Company has now identified a number of predominately one-off accounting issues which will have an impact on the 2009/2010 financial results.

### EARNINGS GUIDANCE

On 1 June 2010, Nomad advised that it anticipated it would report a net loss after tax (**NLAT**) of about \$6 million for the year ended 30 June 2010 (**FY10**). Although Nomad is still in the process of finalising its FY10 financial statements the Board of Nomad wishes to announce immediately that, following a detailed review of individual business unit performance, it considers it appropriate in the current financial environment to account for significant impairment losses and provisions at 30 June 2010.

At 31 December 2009, Nomad’s consolidated balance sheet included \$82 million of goodwill. As indicated in the 1 June 2010 ASX announcement, Directors are reviewing the appropriate carrying value of goodwill in Nomad’s balance sheet in order to determine the extent of any impairment losses that should be booked in the 30 June 2010 financial statements. Nomad expects to write approximately \$51 million off the carrying value of goodwill.

The Company will also impair a further \$3 million of fixed assets as part of a process of ensuring that the carrying value of the assets on its balance sheet can be expected to be recovered in the course of its normal operations.

Recognising that Nomad operates in a contracting environment with time defined deliverables the Company will also provide for another \$3 million to cover issues with past and current contracts that need to be resolved in due course, but in relation to which it is considered prudent to allow for as at 30 June 2010.

In summary, for the year ended 30 June 2010 the NLAT for Nomad will be approximately \$8 million before impairment charges, and the statutory NLAT will be approximately \$61 million inclusive of provisioning for one-off items and impairment charges.

**Summary of Approximate Preliminary FY10 Results:**

	<b>Loss</b>		
	<b>Before</b>	<b>Tax</b>	
	<b>Tax</b>	<b>Effect</b>	<b>NLAT</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Base operating result	(9)	3	(6)
Provisions for contracting issues	(3)	1	(2)
Loss before impairment losses	(12)	4	(8)
Impairment of goodwill	(51)	0	(51)
Impairment of fixed assets	(3)	1	(2)
	<u>(66)</u>	<u>5</u>	<u>(61)</u>

**BANKING**

Further to the Company's announcement on 14 June 2010, Nomad is progressing with the finalisation of its banking documentation with Westpac Bank. The documentation is currently with the Bank's solicitors. Nomad's facilities are being periodically rolled as finalisation of the new formal documentation to extend the facilities to 29 July 2011 has been deferred to ensure that the audited FY10 financial results and balance sheet position is appropriately reflected in the final documentation.

**OUTLOOK**

The accounting treatments announced today and other corporate initiatives implemented to date, will enable Nomad to turn around recent poor project performance and better position the Company to be able to capitalise on the significant opportunities arising from both Western Australia's and Queensland's expanding resource sectors.

**Contacts:**

Mr Michael Bourke  
Managing Director  
Tel: 08 9217 2300

Mr Paul Depiazzi  
Chief Financial Officer  
Tel: 08 9217 2317

Nomad is a leading provider of integrated manufacturing, construction and property development solutions, particularly in regional and remote areas of Australia. It specialises in modular, factory built buildings.