



Preliminary Final Report

30 June 2010

Appendix 4E

PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010

APPENDIX 4E

Results for Announcement to the Market

| | | | \$'000 |
|--|--------|----|---------------|
| Revenue from continuing operations | ↓ 46% | to | 223,155 |
| Loss from continuing operations after tax, before impairment losses | ↓ 153% | to | (10,661) |
| Loss from continuing operations after tax (and impairment losses) | ↓ 579% | to | (63,591) |
| Net Loss attributable to members of Nomad Building Solutions Limited | ↓ 579% | to | (63,591) |

Directors have resolved not to declare a dividend.

| Dividends | Amount per Security | Franked Amount per Security |
|--|----------------------------|------------------------------------|
| Final dividend | Nil | Nil |
| Previous corresponding period | 2.5 cents | 2.5 cents |
| Payment date of dividend | N/A | <input type="text" value="N/A"/> |
| Record date for determining entitlements to the dividend | | <input type="text" value="N/A"/> |
| Date for receipt of dividend reinvestment plan notices | | <input type="text" value="N/A"/> |
| Record date to determine entitlements to the dividend | | <input type="text" value="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 | 23 October 2009 | 2.5 cents | 2.5 cents | Nil |
| Interim dividend | Current year | N/A | N/A | N/A | N/A |
| | Previous year | 24 April 2009 | 2.0 cents | 2.0 cents | Nil |

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

Cont'd...

DIVIDEND REINVESTMENT PLAN

The company has a Dividend Reinvestment Plan in effect. However as no final dividend has been declared it will not operate in respect of the year ended 30 June 2010.

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

| |
|-----|
| N/A |
|-----|

NET TANGIBLE ASSETS PER SHARE

| | 30 June 2010 Cents | 30 June 2009 Cents |
|---|-------------------------------------|-------------------------------------|
| Net tangible asset backing per ordinary share | <u>18.0</u> | <u>29.6</u> |

COMMENTARY ON THE RESULTS FOR THE PERIOD

The commentary on the results for the period is contained in a separate announcement to the ASX dated 31 August 2010 accompanying this statement.

AUDIT

This report is based on accounts that are in the process of being audited.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held as follows:

| | |
|--|---------------|
| Place | To be advised |
| Date | To be advised |
| Time | To be advised |
| Approximate date the Annual Report will be available | To be advised |



Michael Bourke
Managing Director

Date: 31 August 2010

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2010

| | Note | 2010 \$'000 | 2009 \$'000 |
|---|------|-----------------|----------------|
| Revenue from continuing operations | 2 | 223,155 | 415,297 |
| Other income | | 176 | 313 |
| Raw materials, consumables and contract labour | | (182,366) | (326,095) |
| Depreciation and amortisation expense | 3 | (9,506) | (10,120) |
| Operating lease costs | | (6,269) | (5,555) |
| Employee benefits expense | | (23,376) | (26,917) |
| Other expenses | | (13,939) | (15,150) |
| Impairment of goodwill (nil tax effect) | 3, 4 | (50,589) | (6,852) |
| Impairment of P, P & E, trade receivables and customer relations | 3 | (3,344) | (213) |
| Finance costs | 3 | (3,010) | (3,336) |
| (Loss) / Profit before income tax | | (69,068) | 21,372 |
| Income tax benefit / (expense) | | 5,477 | (8,085) |
| Net (loss) / profit for the year | | (63,591) | 13,287 |
| Total comprehensive (loss) / income for the year attributable to members of Nomad Building Solutions Limited | | (63,591) | 13,287 |
| | | Cents | Cents |
| Basic (loss) / earnings per share | | (46.1) | 9.8 |
| Diluted (loss) / earnings per share | | (46.1) | 9.6 |

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30 June 2010

| | Note | 2010 \$'000 | 2009 \$'000 |
|---|------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 8,845 | 19,161 |
| Trade and other receivables | | 24,588 | 45,165 |
| Current tax assets | | 1,611 | 1,462 |
| Inventories | | 22,213 | 15,194 |
| Total current assets | | 57,257 | 80,982 |
| Non-current assets | | | |
| Receivables | | 109 | 109 |
| Property, plant and equipment | | 24,216 | 49,809 |
| Investment Property | | 5,966 | 6,084 |
| Deferred tax assets | | 7,265 | 1,427 |
| Intangible assets | | 31,416 | 81,857 |
| Total non-current assets | | 68,972 | 139,286 |
| Total assets | | 126,229 | 220,268 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 34,021 | 44,271 |
| Deferred Income | | 3,555 | 6,265 |
| Borrowings | | 26,842 | 34,525 |
| Provisions | | 5,184 | 398 |
| Total current liabilities | | 69,602 | 85,459 |
| Non-current liabilities | | | |
| Borrowings | | - | 11,989 |
| Deferred tax liabilities | | 296 | 65 |
| Provisions | | 102 | 133 |
| Total non-current liabilities | | 398 | 12,187 |
| Total liabilities | | 70,000 | 97,646 |
| Net assets | | 56,229 | 122,622 |
| EQUITY | | | |
| Contributed equity | 5 | 94,296 | 93,495 |
| Reserves | | 30 | 201 |
| (Accumulated losses) / Retained profits | | (38,097) | 28,926 |
| Total equity | | 56,229 | 122,622 |

The above 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 2010

| Note | Contributed Equity \$'000 | Option Reserve \$'000 | Retained Earnings / (Accumulated Losses) \$'000 | Total \$'000 |
|--|---------------------------------|--------------------------|---|-----------------|
| Balance at 1 July 2008 | 92,119 | 1,173 | 25,795 | 119,087 |
| Total comprehensive income for year ended 30 June 2009 | - | - | 13,287 | 13,287 |
| Transactions with owners in their capacity as owners: | | | | |
| Contributions of equity, net of transaction costs | 1,376 | - | - | 1,376 |
| Dividends provided for or paid | - | - | (10,156) | (10,156) |
| Employee share options | - | (972) | - | (972) |
| Balance as at 30 June 2009 | 93,495 | 201 | 28,926 | 122,622 |
| Total comprehensive loss for year ended 30 June 2010 | - | - | (63,591) | (63,591) |
| Transactions with owners in their capacity as owners: | | | | |
| Contributions of equity, net of transaction costs | 801 | - | - | 801 |
| Dividends provided for or paid | - | - | (3,432) | (3,432) |
| Employee share options | - | (171) | - | (171) |
| Balance as at 30 June 2010 | 94,296 | 30 | (38,097) | 56,229 |

The above 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 2010

| | Note | 2010 \$'000 | 2009 \$'000 |
|---|------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 258,976 | 482,023 |
| Payments to suppliers and employees (inclusive of GST) | | (246,553) | (435,504) |
| Cash generated from operations | | 12,423 | 46,519 |
| Interest paid | | (3,010) | (3,336) |
| Income taxes (paid) received | | (313) | (13,319) |
| Net cash inflow from operating activities | 8 | 9,100 | 29,864 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (2,886) | (22,404) |
| Payments for investment property | | (351) | (6,084) |
| Payments for purchase of subsidiary net of cash acquired | | (1,574) | (4,212) |
| Proceeds from sale of property, plant and equipment | | 7,555 | 48 |
| Interest received | | 142 | 355 |
| Net cash inflow / (outflow) from investing activities | | 2,886 | (32,297) |
| Cash flows from financing activities | | | |
| Proceeds from issues of shares and other equity securities | | - | (6) |
| Proceeds from borrowings | | 9,000 | 32,679 |
| Repayment of borrowings | | (14,733) | (11,300) |
| Repayment of hire purchase and lease payments | | (13,938) | (13,193) |
| Dividends paid to members | | (2,631) | (8,774) |
| Net cash (outflow) from financing activities | | (22,302) | (594) |
| Net (decrease) in cash and cash equivalents | | (10,316) | (3,027) |
| Cash and cash equivalents at the beginning of the financial year | | 19,161 | 22,188 |
| Cash and cash equivalents at the end of the financial year | | 8,845 | 19,161 |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Nomad Building Solutions Limited

Year Ended 30 June 2010

Notes to the Preliminary Final Report

Note 1 Basis of Preparation of Preliminary Final Report

This preliminary financial report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. This financial report does not include all of the notes normally included within the annual financial report. Accordingly, it is recommended that this report be read in conjunction with the 30 June 2009 annual financial report of Nomad Building Solutions Limited, together with any public announcements made by Nomad Building Solutions Limited and its controlled entities ("the Group") during the year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

Going Concern

The preliminary financial report has 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 Group is operating under an extension of its existing facilities agreement with Westpac Banking Corporation while the process of finalising a renewed facility is completed. For this reason, all bank borrowings have been shown as current. Indications from the bank are that the facilities will be extended. If the Group is unable to obtain the continued financial support of its bank or obtain alternative finance, it may cast uncertainty on the Group'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 this preliminary final report.

Note 2 Revenue

| | Consolidated | |
|--|----------------|----------------|
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| From continuing operations | | |
| <i>Sales revenue</i> | | |
| Construction contract revenue | 188,916 | 391,233 |
| Revenue from the sale of goods | 12,616 | 5,284 |
| Revenue from the rendering of services | 21,481 | 18,425 |
| <i>Other revenue</i> | | |
| Interest | 142 | 355 |
| | 223,155 | 415,297 |

Note 3 Expenses

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

Depreciation

| | | |
|---------------------------|--------------|--------------|
| Hire assets | 6,159 | 7,125 |
| Plant and equipment | 3,026 | 2,036 |
| Total depreciation | 9,185 | 9,161 |

Amortisation

| | | |
|--|--------------|---------------|
| Customer contracts and relationships | 321 | 959 |
| Total amortisation | 321 | 959 |
| Total depreciation and amortisation | 9,506 | 10,120 |

Impairment

| | | |
|------------------------------|---------------|--------------|
| Trade receivables | 53 | 213 |
| Customer relationships | 67 | - |
| Property Plant and Equipment | 3,224 | - |
| Goodwill | 50,589 | 6,852 |
| Total impairment | 53,933 | 7,065 |

Finance costs

| | | |
|---|--------------|--------------|
| Interest and finance charges paid/payable | 3,010 | 3,336 |
| Finance costs expensed | 3,010 | 3,336 |

Nomad Building Solutions Limited

Year Ended 30 June 2010

Note 4 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:

| 2010 | \$'000 |
|----------------|---------------|
| Transportables | 16,416 |
| Construction | 15,000 |
| | 31,416 |

| 2009 | \$'000 |
|----------------|---------------|
| Transportables | 43,539 |
| Construction | 38,103 |
| | 81,642 |

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% (2009: 2% 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.

Impairment charge

As a result of the impairment testing process an impairment charge of \$50,589,000 (2009: \$6,852,000) has been made against Goodwill in the current period. \$33,396,000 (2009: Nil) relates to the Transportable Manufacturing segment, while the remaining \$17,190,000 (2009: \$6,852,000) relates to the Construction segment.

The impairment has resulted from continuing difficult market conditions where the transportable manufacturing and construction segments are both tendering in a highly competitive environment and on lower margins.

Note 5 Contributed Equity

| | Consolidated and Parent entity | | Consolidated and Parent entity | |
|--------------------------|--------------------------------|-------------|--------------------------------|--------|
| | 2010 | 2009 | 2010 | 2009 |
| | Shares | Shares | \$'000 | \$'000 |
| (a) Share Capital | | | | |
| Ordinary shares | | | | |
| Fully paid | 138,138,976 | 137,304,906 | 94,296 | 93,495 |

(b) Movements in ordinary share capital

| Date | Details | Note | Number of shares | Issue Price | \$'000 |
|-----------------|---|------|--------------------|-------------|---------------|
| 1 July 2008 | Balance | | 135,273,708 | | 92,119 |
| 24 October 2008 | Shares issued under dividend reinvestment plan | | 538,307 | \$1.57 | 845 |
| 24 April 2009 | Shares issued under dividend reinvestment plan | | 1,492,891 | \$0.36 | 537 |
| | | | | | 93,501 |
| | Less: Transaction costs arising on share issues | | - | | (6) |
| 30 June 2009 | Balance | | 137,304,906 | | 93,495 |
| 23 October 2009 | Shares issued under dividend reinvestment plan | | 834,070 | \$0.96 | 801 |
| 30 June 2010 | Balance | | 138,138,976 | | 94,296 |

Nomad Building Solutions Limited

Year Ended 30 June 2010

Note 6 Segment Reporting

(a) Description of segments

The Group has adopted AASB 8 Operating Segments from 1 July 2009 whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (executive management committee that makes strategic decisions). This has resulted in an increase in the number of reportable segments but has had no impact on the allocation of goodwill to cash-generating units and no additional goodwill impairment has resulted from the application of the new standard.

The Board considers the business from product perspective and has identified 2 reporting segments. Transportables consist 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.

(b) Segment information provided to Management

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

| 2010 | Transportable \$'000 | Construction \$'000 | Other \$'000 | Total \$'000 |
|--|-------------------------|------------------------|-----------------|-----------------|
| Segment Revenue | | | | |
| Total segment revenue | 146,649 | 76,658 | 1,305 | 224,612 |
| Inter-segment revenue | (522) | (1,077) | - | (1,599) |
| Segment revenue from external customers | 146,127 | 75,581 | 1,305 | 223,013 |
| EBITDA | 1,445 | (1,262) | (2,695) | (2,512) |
| Interest revenue | 85 | 40 | 17 | 142 |
| Interest expense | 1,259 | 2 | 163 | 1,424 |
| Depreciation and amortisation | 7,980 | 320 | 1,206 | 9,506 |
| Impairment | 34,386 | 17,257 | 2,290 | 53,933 |
| Segment Assets and Liabilities | | | | |
| Segment assets | 90,646 | 27,028 | 9,483 | 127,157 |
| Segment liabilities | 35,714 | 15,347 | 3,788 | 54,849 |

Nomad Building Solutions Limited
Year Ended 30 June 2010

(c) **Other segment information**

(i) Segment revenue

Inter-segment revenue comprises sales between segments which are on arm's length terms and are eliminated on consolidation.

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

| | Consolidated | |
|---|---------------------|----------------|
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| Total segment revenue | 223,013 | 414,942 |
| Interest revenue | 142 | 355 |
| Total revenue from continuing operations | 223,155 | 415,297 |

(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 as interest revenue and interest expense and unrealised gains/losses on financial instruments, which are considered part of the treasury function.

This performance measure is different to prior periods which reflected segment result based on net profit before taxation.

EBITDA reconciles to operating profit before income tax as follows:

| | Consolidated | |
|--|---------------------|---------------|
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| EBITDA | (2,512) | 41,595 |
| Inter-segment eliminations | (420) | (1,242) |
| Interest revenue | 142 | 355 |
| Interest expense | (3,010) | (3,336) |
| Depreciation | (9,185) | (9,161) |
| Amortisation | (321) | (959) |
| Impairment | (53,933) | (6,852) |
| Share-based payments | 171 | 972 |
| (Loss) / Profit before income tax | (69,068) | 21,372 |

(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.

Nomad Building Solutions Limited
Year Ended 30 June 2010

Segment assets reconcile to total assets as follows:

| | Consolidated | |
|---|----------------|----------------|
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| Segment assets | 127,157 | 218,671 |
| Inter-segment eliminations | (9,804) | (1,292) |
| Current tax asset | 1,611 | 1,462 |
| Deferred tax assets | 7,265 | 1,427 |
| Total assets per statement of financial position | 126,229 | 220,268 |

(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 | |
|--|---------------|---------------|
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| Segment liabilities | 54,849 | 79,424 |
| Inter-segment eliminations | (145) | (2,576) |
| Secured bank loan | 15,000 | 20,733 |
| Deferred tax liabilities | 296 | 65 |
| Total liabilities per statement of financial position | 70,000 | 97,646 |

Note 7 Events occurring after the Statement of Financial Position

On 19 July 2010 the board appointed Michael Bourke as Managing Director of Nomad Building Solutions Ltd. Effective from this date, Richard Blair ceased being an Executive Director and returned to his role as Non Executive Chairman.

Nomad Building Solutions Limited
Year Ended 30 June 2010

Note 8 Reconciliation of loss after income tax to net cash inflow from operating activities

| | Consolidated | |
|---|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| (Loss) / Profit for the year | (63,591) | 13,287 |
| Add back items: | | |
| Depreciation and amortisation | 9,506 | 10,120 |
| Impairment charge | 53,933 | 6,852 |
| Dividend and interest income | (142) | (355) |
| Written down value of non-current assets sold | 9,504 | 3,861 |
| Share-based payments | (171) | (972) |
| Doubtful debts | 65 | 214 |
| Change in operating assets and liabilities: | | |
| Decrease in trade debtors | 20,724 | 9,884 |
| (Increase) / decrease in inventories | (7,019) | 15,242 |
| (Increase) in other operating assets | (199) | (110) |
| (Increase) / decrease in deferred tax asset | (5,838) | 354 |
| Increase / (Decrease) increase in other provisions | 4,786 | (671) |
| (Decrease) in trade creditors | (12,838) | (22,254) |
| (Decrease) in provision for income taxes | 149 | (5,300) |
| Increase / (decrease) in provision for deferred tax Liability | 231 | (288) |
| Net cash inflow from operating Activities | 9,100 | 29,864 |

| | Consolidated | |
|--|---------------|---------------|
| | 2010 Cents | 2009 Cents |
| Note 9 Earnings / Loss per share | | |
| (a) Basic (loss) / earnings per share before goodwill impairment | (9.4) | 14.8 |
| (b) Basic (loss) / earnings per share | (46.1) | 9.8 |
| (c) Diluted (loss) / earnings per share | (46.1) | 9.6 |
| (d) Reconciliations of (loss) / earnings used in calculating earnings per Share | \$'000 | \$'000 |
| <i>Basic and diluted (loss) / earnings per share:</i> | | |
| (Loss) / Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share before goodwill impairment | (13,002) | 20,139 |
| (Loss) / Profit attributable to the ordinary equity holders of the company used in calculating basic (loss) / earnings per share | (63,591) | 13,287 |
| (Loss) / Profit attributable to the ordinary equity holders of the company used in calculating diluted (loss) / earnings per share | (63,591) | 13,287 |

Nomad Building Solutions Limited
Year Ended 30 June 2010

| (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 | 137,873,902 | 135,914,974 |
| Weighted average number of shares used as the denominator in calculating basic earnings per share | 137,873,902 | 135,914,974 |
| Adjustment for calculation of diluted earnings per share for options | - | 2,591,346 |
| Weighted average number of shares used as the denominator in calculating diluted earnings per share | 137,873,902 | 138,506,320 |

- (f) **Information concerning the classification of securities**
Options granted to employees under the Nomad Long-term Incentive Option Plan 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.

Note 10 Business Combinations

During the current financial year, 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 2009 year, though some costs associated with acquisitions made in the 2008 financial year flowed through into the 2009 financial year. Details of the acquisitions are set out below.

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 is 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 | 363 |

(b) **Purchase consideration**

Outflow of cash to acquire subsidiary, net of cash acquired:

| | |
|--------------------|-------|
| Cash consideration | 1,487 |
| Outflow of cash | 1,487 |

Nomad Building Solutions Limited
Year Ended 30 June 2010

(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 NBS 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 of \$1,544,000 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. Short term results have been impacted by sales margin pressure, and increased unit costs from lower production levels. The business is expected to return to profitability in the following financial year as more work flows from within the group.

Cashflow information

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

Note 10 Rounding of Amounts

The company satisfies the requirements of Class Order 98/0100 issued by the Australian Securities and Investment Commission relating to "rounding off" of amounts in this report to the nearest thousand dollars. Amounts have been rounded off in financial report in accordance with that Class Order.