nomad

building solutions limited

Annual Report

30 June 2012

ANNUAL REPORT – 30 JUNE 2012

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

CONTENTS

PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2012

APPENDIX 4E

Results for Announcement to the Market

			$'000
Revenue from continuing operations	↓ 13%	to	115,489
Profit from continuing operations after tax, (before goodwill impairment)	↑ 2,284%	to	6,814
Profit from continuing operations after tax (and goodwill impairment)	↑ 170%	to	6,814
Net profit attributable to members of Nomad Building Solutions Limited	↑ 116%	to	3,176

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 2012.

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 non-executive Chairman.

David John Cochrane was appointed as a non-executive director on 27 September 2011.

David John Franklyn was a non-executive director until 11 March 2012 when he became acting Executive Director. Following the appointment of Peter John Hogan, he has reverted to the role of non-executive director.

Peter John Hogan was appointed Managing Director from 1 August 2012 to the date of this report.

Peter Charles Constable was appointed as a non-executive director on 23 August 2012

Keith Michael Folwell was appointed as a non-executive director on 23 August 2012

David Anthony Craig was a non-executive director until his resignation on 31 July 2012.

Michael James Bourke was Managing Director until his resignation on 12 March 2012.

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

- the manufacture of modular transportable buildings, and associated project management and installation,
- housing construction and property development management; and
- rental of accommodation assets.

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

	2012 $'000	2011 $'000
Final ordinary dividend for the year ended 30 June 2012 of nil (2011: nil) per fully paid share	-	-
	-	-

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

Review of operations
The Group reported a net profit after tax of $6.8m from continuing operations for the year ended 30 June 2012. This is an improvement of 2,284% compared with the previous year's restated net profit after tax before impairment of intangible assets of $0.3m.

After allowing for an after tax loss from discontinued operations of $3.6m, the statutory net profit after tax for the year ended 30 June 2012 was $3.2m.

Directors' Report (continued)

Key Points

- Revenue from continuing operations decreased by 13.2% to $115m.
- Earnings per share (EPS), from continuing operations improved to 2.5 cents, an increase of 2.4 cent, when compared to the restated 2011 continuing operations before impairment.
- No dividend has been declared in relation to earnings for the year ended 30 June 2012 (2011:nil).
- Borrowings have been reduced by more than 50% to $6.9m at end of June 2012 compared to $14.6m at the end of June 2011.
- Borrowing expenses have reduced by approximately one half to $1.1m from $2.1m.
- Corporate and other administration expenses continue to be reduced, decreasing by approximately 27% to $4.1m from a restated $5.6m in 2011. This follows on from the significant reductions in 2011 over 2010 costs.

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

	FY2012	FY2011	Change from FY11	
			$m	%
Revenue ($m)	115.5	133.1	↓ 17.6	(13)
EBITDA ($m)	14.9	8.5	↑ 6.4	75
EBIT ($m)	10.9	2.8	↑ 8.1	289
NPAT ($m)	6.8	0.3	↑ 6.5	2,284
EPS - basic (cents)	2.5	0.1	↑ 2.4 c	2,400
Dividends per share, fully franked (cents)	Nil	Nil	Nil	Nil

The Group result returned to profit in the financial year for the first time since 2009. The Group was able to achieve an increased EBIT despite a lower revenue base from continuing operations. The result was assisted by the sale of $8 million worth of hire fleet, which returned a profit of $3 million, and the reversal of $4.2 million of liquidated damages previously provided in relation to the Gorgon project. Corporate overheads continued to reduce, being $1.2 million lower than the previous financial year.

The Group generated net cash flows from operating activities of $3.6m during the year.

The Group had a net cash position of $3.3m (2011: net cash of $2.5m) and shareholders' equity of $50.9m at 30 June 2012.

No dividends have been declared in relation to these results.

Significant changes in the state of affairs

During the year the company closed its Nomad Modular Building projects business in Western Australia. See note 23 to the financial statements for details of the closure.

Directors' Report (continued)

Matters subsequent to the end of the financial year

On 1 August 2012 Mr Peter Hogan commenced as Managing Director of Nomad Building Solutions Ltd. From this date, Mr David Franklyn ceased as Executive Director and returned to his role as non-executive Director.

On 23 August 2012, Mr Mike Folwell and Mr Peter Constable were appointed to the Board of Nomad Building Solutions Ltd as non-executive directors.

On 23 August 2012 the Group reached agreement to extend its banking facility with Westpac Banking Corporation to 31 August 2013, subject to completion of final documentation. The agreement includes a debt repayment of $3,200,000 to be made in September 2012 with the remaining balance to be paid by 31 December 2012, and a reduction of the contingent instrument facility to $15,000,000 from $20,000,000. The Overdraft facility of $5,000,000 will be maintained.

No other matters or circumstances have arisen since 30 June 2012 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 and maintaining sound environmental management systems, 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)

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 newly introduced 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 64

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 company Vesco Foods Pty Ltd, and a non-executive director of Australian Convenience Foods Pty Ltd, Western Australian Institute of Sport and the Ear Science Institute of Australia Inc.

Other current directorships (of listed entities)
Kresta Holdings Ltd

Former directorships in the last 3 years
Norfolk Group Limited (until 4 August 2010)
pieNetworks Limited (until 26 July 2011)

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.

Directors' Report (continued)

Information on directors (continued)

Mr David Cochrane. *Independent non-executive Director.* Age 54

Experience and expertise
Mr. Cochrane has over 30 years of involvement in the engineering and construction business with a focus in the resources sector. He has international experience which includes working in the USA, Canada, the UK, South East Asia and China. He has extensive experience in strategic planning, contract risk analysis, tendering strategies, estimating and project management. He previously held a number of senior management positions with the global engineering and construction company, Chicago Bridge & Iron, the most recent being Group Vice President of the Asia Pacific Australia region. Mr. Cochrane holds a Bachelor of Engineering (Mechanical) Degree from McMaster University in Hamilton, Ontario, Canada, is a graduate Member of the AICD, and resides in Perth, Western Australia.

Other current directorships (of listed entities)
Nil

Former directorships in the last 3 years
Nil

Interest in shares and options
Nil

Special responsibilities

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

Mr David Franklyn. *Independent non-executive Director.* Age 48

Experience and expertise
Mr Franklyn is currently Managing Director of Entrust Funds Management Ltd, a Western Australian based boutique funds management business.

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 Chairman of Calzada and its 100% owned subsidiary PolyNovo Biomaterials Pty Ltd and has held that title since 16 April 2009.

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

Former directorships in the last 3 years
Nil

Interest in shares and options
Nil.

Special responsibilities

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

Directors' Report (continued)

Information on directors (continued)

Mr Peter Constable. *Independent non-executive Director*. Age 42

Experience and expertise
Mr. Constable is an Executive Director of Sydney based investment manager Ryder Capital Pty Limited. Peter has 20 years experience in investment markets and has previously served on the boards of three ASX listed companies. Prior to establishing Ryder Capital in June 2008, Peter was an Executive Director of MMC Contrarian Limited, an ASX listed Investment Company. Peter holds a Bachelor of Economics and began his career in London working for the United Bank of Kuwait.

Other current directorships (of listed entities)
None

Former directorships in the last 3 years
None

Interest in shares and options
As an Executive Director Ryder Capital Pty Limited, Mr Constable has a beneficial interest in 41,968,800 shares in the Company.

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

Mr Michael Folwell. *Independent non-executive Director*. Age 57

Experience and expertise
Mr. Folwell holds a Bachelor of Business degree from the Queensland University of Technology, is a member of the Australian Institute of Company Directors and has completed Post Graduate executive studies at Stanford University and Columbia University. He has extensive experience in a range of industrial companies at Managing Director and CEO level in steel construction, mining, building materials, industrial products, fertiliser, oil and gas. He has worked in Australia and New Zealand, Europe and Asia as well as managing a number of businesses on a global basis for companies including – Iluka Resources, Pivot Ltd., Pioneer International, BOC Gases and Shell.

Other current directorships (of listed entities)
None

Former directorships in the last 3 years
None

Interest in shares and options
None

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

Directors' Report (continued)

Information on directors (continued)

Mr Peter Hogan. *Managing Director*. Age 52

Experience and expertise
Mr Hogan has extensive local and international experience having worked offshore in locations including Israel, the United Kingdom and India in a variety of Executive and Project Management roles with British listed entity Hanson Plc, formerly Pioneer International Ltd. Recent positions include Managing Director for Valmont Australia's industrial coatings business, an organisation listed on the New York Stock Exchange, Chief Operating Officer for Austal Ltd and Divisional General Manager of the building materials group Boral Ltd, where he spent seven years. Mr Hogan graduated with a distinction in Applied Science and Mathematics from the Queensland University of Technology.

Other current directorships (of listed entities)
None

Former directorships in the last 3 years
None

Interest in shares and options
None

Special responsibilities

- Managing Director.

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. Mr 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 19 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.

Directors' Report (continued)

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 2012, 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	17	18	3	3	1	1
M J Bourke	13	13	*	*	*	*
D J Franklyn	18	18	3	3	1	1
D A Craig	17	18	3	3	1	1
D J Cochrane	13	13	1	1	-	-

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 Michael Bourke resigned from the role of Managing Director on 12 March 2012. Mr David Franklyn was appointed Executive Director on this date until 31 July 2012. Mr Peter Hogan was appointed Managing Director on 1 August 2012. Mr David Craig resigned as a non-executive director on 31 July 2012. Mr Peter Constable was appointed non-executive director on 23 August 2012. Mr Michael Folwell was appointed non-executive director on 23 August 2012.

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.

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 Managing Director, 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 five non-executive directors and one executive director. At the date of signing the Directors' Report under the principles set out below, the Board has a majority of independent directors in accordance with the ASX Corporate Governance Council's best practice recommendations.

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;

Directors' Report (continued)

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.

Commitment

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2012, and the number of meetings attended by each director, is disclosed on page 9.

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

There were no conflicts of interest to disclose for the reporting period.

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.

Directors' Report (continued)

Corporate Governance Statement (continued)

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. Where a non-executive director holds a temporary role in an executive capacity, they will continue to serve on the committee as long as the majority of members remain independent. 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 J Cochrane
D J Franklyn
K M Folwell
P C Constable

Details of the qualifications and attendance at Nomination and Remuneration Committee meetings are set out in the Directors' Report on pages 5 to 9. All members of the Committee are non-executive directors with a majority being independent directors in accordance with principles detailed on page 11 to 12.

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 25 and 29 to the financial statements.

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 J Franklyn (Chairman)
P G Abery
D J Cochrane
K M Folwell
P C Constable

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 9. All members of the Committee are non-executive directors with a majority being independent directors in accordance with principles detailed on pages 11 to 12.

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.

Corporate Governance Statement (continued)

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.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in note 26 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

Corporate Governance Statement (continued)

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 DISCLOSURE 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.

DIVERSITY POLICY

The Board of Directors recognise that fostering a culture that respects and values diversity will enrich our perspective, foster harmony in the workplace and improve performance. The Board recognises that this will increase the likelihood of becoming a valued service provider in our market sector and significantly propel the company towards achieving its measurable objectives.

The Board of Directors is committed to ensuring the group establishes measurable objectives for diversity, assess annually the objectives set for achieving diversity; and annually assesses the progress made towards achieving the objectives set.

Directors' Report (continued)

The Board understands that diversity means the differences in gender, race, culture, age, family or carer status, religion and disability that exist among the workforce. This diversity policy is implemented through all levels of the workforce by the more expansive company polices including the Human Resources policy.

STRATEGY

The following shall be undertaken;

- Implement an equitable recruitment process for personnel and officers of the company, to source the best person for the position;
- Promote and employ personnel based on a system of merit and ensure consideration for personal requirements, domestic responsibilities and cultural/ethnic sensitivities is built into employment arrangements;
- Provide learning and development strategies and opportunities to develop the knowledge skills and experience of all employees;
- Develop an executive mentoring program to ensure personnel are suitably prepared and adequately skilled for senior management and board positions;
- Set aside commonly held assumptions based on gender, age, sexuality, culture/ethnicity, language and religious beliefs, and regardless of any disability or flexible workplace practices;
- Implement a process where employee can receive counselling, support and advice on conflict, discrimination and harassment;
- Maintain a safe work environment, taking action against inappropriate workplace behaviour including discrimination, harassment, bullying and victimisation; and
- Include in the annual report details of the measurable objectives set by the Board, disclosing in the report the proportions of organisation and board personnel in terms of position, gender and ethnicity.

Directors' Report (continued)

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 director's 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 Key Management Personnel 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 a share 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' fees
The current base remuneration, of $67,500, including superannuation, was reviewed with effect from 23 August 2012, a downward revision from $68,000 to accommodate the additional non-executive director. The Chairman's remuneration is inclusive of committee fees. Non-executive directors who serve on more than two committees may also receive additional fees.

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. The current non-executive director's fees are within the approved limit and 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. 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.

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 their fixed annual remuneration 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
- B R McDonald — Chief Operating Officer, Nomad Eastern States Ltd
- M B Brockbank — General Manager, Rapley Wilkinson Pty Ltd
- E P Davies — General Manager, McGrath Homes

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 2012:

2012	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	119,265	-	999	-	10,734	-	130,998
D A Craig	68,807	-	-	-	6,192	-	74,999
D J Franklyn	62,385	-	-	-	5,615	-	68,000
D J Cochrane	47,749				4,297		52,046
Former							
Sub-total non-executive directors	298,206	-	999	-	26,838	-	326,043
Executive directors							
D J Franklyn	71,436	-	-	-	6,429		77,865
Former							
M B Bourke	349,962	175,000	-	-	10,770	(79,618)	456,114
Other key management personnel							
Current							
A J Sturcke	318,403	-	-	-	26,203	8,067	352,673
B R McDonald	305,000	-	-	-	25,000	10,214	340,214
M B Brockbank	247,596	-	-	-	22,240	8,067	277,903
E P Davies	260,461	42,202	-	-	27,239	8,067	337,969
Total key management personnel compensation	1,851,064	217,202	999	-	144,719	(45,203)	2,168,781

M B Bourke was managing Director until his resignation, effective 12 March 2012. Mr Bourke remains an employee of the Company while he serves out his notice period of six months which commenced on the resignation date.

D J Franklyn was an executive director from 12 March 2012 until 31 July 2012 when he reverted to the role of non-executive director.

D J Cochrane was a non-executive director from 27 September 2011.

D A Craig was a non-executive director until his resignation on 31 July 2012.

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 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
Former							
P O Depiazzi (up to 17 June 2011)	354,423	-	-	-	16,410	-	370,833
Total key management personnel compensation	1,825,917	33,027	-	-	128,515	82,552	2,070,011

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**	
	2012	2011	**2012**	2011	**2012**	2011
Executive directors						
M J Bourke	**67%**	85%	**33%**	-	**-**	15%
Key management personnel						
A J Sturcke	**98%**	100%		n/a	**2%**	-
B R McDonald	**97%**	99%	**-**	-	**3%**	1%
M B Brockbank	**97%**	100%	**-**	n/a	**3%**	-
E P Davies	**86%**	89%	**12%**	11%	**2%**	-

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 eligible for that type of remuneration 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.

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

- Fixed annual reward, including superannuation and other benefits of $343,350 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.

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

- Fixed annual reward, including superannuation and other benefits of $343,546 to be reviewed annually by the Nomination and Remuneration Committee.
- Short-term incentive bonus of up to 35% of fixed annual reward.
- A one off Bonus of up to $30,000 for successful closure of Nomad Modular Building project business
- 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 $257,500 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.

C. Service agreements (continued)

E P Davies, General Manager (McGrath Homes)

- Base salary of $275,229 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.

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.

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

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.

All options under this plan have lapsed with hurdles not being 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.

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.

Following shareholder approval at the Annual General Meeting held on 24 November 2011, 2,000,000 options were issued to Michael Bourke under the Nomad Managing Director Long-term Incentive Plan 2010 on 3 January 2012.

Grant date	Date vested and exercisable*	Expiry date	Exercise price	Value per option at issue date
24 November 2011	33.3% on 30/9/12	31 December 2016	0.1000	0.0000
	33.3% on 30/9/13	31 December 2016	0.1000	0.0000
	33.3% on 30/9/14	31 December 2016	0.1000	0.0000

Vesting is based on the achievement of defined net profit after tax benchmarks.

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

For the options issued on 19 October 2010, the initial exercise price 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.

Following the resignation of Mr Bourke, options issued under this plan have been cancelled.

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	0.0193
	20% on 30/06/13	30 June 2016	0.13	0.0193
	70% on 30/06/14	30 June 2016	0.13	0.0193
3 January 2012	10% on 30/06/12	30 June 2016	0.13	0.0163
	20% on 30/06/13	30 June 2016	0.13	0.0163
	70% on 30/06/14	30 June 2016	0.13	0.0163

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 35 to the financial statements.

Name	Number of options issued during the year		Number of options vested during the year	
	2012	2011	**2012**	**2011**
Directors of Nomad Building Solutions Limited				
M J Bourke	**2,000,000**	4,000,000	**-**	-
Other key management personnel of the Group				
B R McDonald	**-**	1,000,000	**-**	-
A J Sturcke	**-**	1,000,000	**-**	-
M B Brockbank	**-**	1,000,000	**-**	-
E P Davies	**-**	1,000,000	**-**	-

The grant of 2,000,000 New Options were made to Mr Bourke in order to:

- ensure the retention and ongoing motivation of the Managing Director;
- provide a strong incentive to achieve the enhancement in shareholder value which the new NPAT hurdles for the New Options would equate to; and

- align his remuneration with the Company's long term strategic growth plans.

Options issued during the year (continued)

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. For options issued under the Nomad Managing Director Long-term Incentive Plan 2010 and Executive long-term Incentive Plan 2011, a combination of Monte Carlo simulation (for the TSR criteria) and a trinomial lattice was used to value the Total Shareholder Return target options, with regression analysis being used for the NPAT hurdles. Options issued prior to these plans were valued using a binomial option pricing model for options issued up to February 2009, and the enhanced trinomial approach for subsequent issues. All valuations take 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 as appropriate. All valuations are independent valuations.

The valuation model inputs for options issued during the year ended 30 June 2012 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	$0.10	$0.13
Grant Date	24 November 2011	31 December 2011
Expiry date	31 December 2016	3 1 December 2016
Share price at issue date	$0.097	$0.097
Expected price volatility of Company's shares	55.2%	55.2%
Risk free interest rate	4.41%	4.41%
Fair Value	$0.0000	$0.0163

Vesting Conditions

<u>Long-term Executive Incentive Plan 2009</u>
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.

<u>Managing Director Long-term Incentive Plan 2010</u>
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.

<u>Nomad Executive Long-term Incentive Plan 2011</u>
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
The company returned to profitability in the current year. However, the result was not at a level sufficient to declare a dividend. The Company has not declared any dividends for the 2012 financial year.

Former Managing Director, Michael Bourke was paid a $175,000 bonus in September 2011. The bonus was of a discretionary nature, not linked to any specific performance criteria and approved by the Board of Directors. The discretionary bonus was paid on the basis of progress that had been achieved in delivering the turn around plan at that time, including achieving cost reductions and improvements to the order book and, at the time, improved results of the Nomad Modular Building Projects business.

Errol Davies, General Manager McGrath homes was paid a $42,202 bonus in September under the Company's Short Term Incentive Program and specifically for exceeding the target EBIT result for the 2011 financial year by 6%.

The following table illustrates the operation of the long-term incentive plan by comparing Nomad Building Solutions Limited total shareholder return to the ASX300AI since listing.

	Total share holder return	
	Nomad	**ASX300 AI**
Year ended 30 June 2012	(9.7%)	(7.0%)
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 21 and 22, details bonus or grant that was paid in the financial year. The table below details the percentage that was forfeited because the person did not meet the service and performance criteria. Bonuses earned are payable 30 September 2012. 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	n/a*	n/a*	2010 2012	- -	100% 100%	30/06/11 to 30/06/13
A J Sturcke	-	100%	2011	-	-	30/06/12 To 30/6/14
B R McDonald	-	100%	2010, 2011	- -	- -	30/06/11 to 30/06/14
M B Brockbank	-	100%	2011	-	-	30/06/12 To 30/6/14
E P Davies	-	100%	2011	-	-	30/06/12 To 30/6/14

*n/a- the executive was not eligible for a cash bonus in 2012.

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 2012 Value at exercise date $	D Value at lapse date $
M B Bourke	-17%	275,600	-	146,987
A J Sturcke	2%	55,650	-	-
B R McDonald	3%	62,688	-	-
M B Brockbank	3%	55,650	-	-
E P Davies	2%	55,650	-	-

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 25 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
1 March 2010	28 April 2014	$0.7289	300,000
30 June 2011	30 June 2016	$0.1300	4,600,000
1 January 2012	31 December 2016	$0.1300	1,000,000
			5,900,000

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 2012 (2011: 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 $45,274 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 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	
	2012	**2011**
	$	**$**
BDO Audit (WA) Pty Ltd		
Audit Services		
Audit and review of financial reports	**166,000**	**166,000**
Tax services (from a BDO audit (WA) Pty Ltd related entity)	**37,020**	**6,570**
	203,020	**172,570**

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 31.

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.

Peter Hogan
Managing Director
Perth
31 August 2012

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 2012

Board of Directors
Nomad Building Solutions Limited
Level 2, 76 Hasler Road
OSBORNE PARK WA 6017

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 2012, 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; and
- 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 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
Level 2, 76 Hasler Road
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 2012. 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 2012

	Note	2012 $'000	2011 $'000 Restated*
Revenue from continuing operations	4	115,489	133,096
Other income	5	470	612
Raw materials, consumables and contract labour		(81,373)	(101,475)
Employee benefits expense	6	(12,187)	(14,391)
Depreciation and amortisation expense	6	(4,033)	(5,724)
Borrowing cost expense	6	(1,075)	(2,145)
Impairment of goodwill (nil tax effect)	6	-	(10,000)
Operating lease costs	6	(3,381)	(3,905)
Corporate and administration expenses	6	(3,493)	(3,641)
Other expenses		(625)	(1,761)
Profit / (Loss) before income tax		9,792	(9,334)
Income tax (expense) / benefit	7	(2,978)	(354)
Net profit / (loss) for the year from continuing operations		6,814	(9,688)
(Loss) from discontinued operations net of income tax	23	(3,638)	(10,483)
Total comprehensive income / (loss) for the year attributable to members of Nomad Building Solutions Limited		3,176	(20,171)
Basic Profit / (loss) earnings per share	34	1.1	(9.2)
Diluted Profit / (loss) earnings per share	34	1.1	(9.2)
Continuing Operations			
Basic Profit / (loss) earnings per share	34	2.5	(4.4)
Diluted Profit / (loss) earnings per share	34	2.4	(4.4)

*The 2011 results have been restated in relation to discontinued operation of Nomad Modular Buildings Projects business as disclosed in note 23.

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 2012

	Note	2012 $'000	2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	10,180	17,042
Trade and other receivables	9	16,941	18,597
Inventories	10	15,975	9,615
Total current assets		43,096	45,254
Non-current assets			
Receivables	11	-	34
Property, plant and equipment	12	10,582	17,651
Investment Property	13	4,357	5,162
Deferred tax assets	14	10,651	12,111
Intangible assets	15	21,416	21,416
Total non-current assets		47,006	56,374
Total assets		90,102	101,628
LIABILITIES			
Current liabilities			
Trade and other payables	16	21,818	22,567
Deferred Income	10	6,060	5,758
Borrowings	17	6,900	14,564
Provisions	18	4,243	10,704
Total current liabilities		39,021	53,593
Non-current liabilities			
Deferred tax liabilities	19	161	202
Provisions	20	29	57
Total non-current liabilities		190	259
Total liabilities		39,211	53,852
Net assets		50,891	47,776
EQUITY			
Contributed equity	21	107,773	107,773
Reserves	22	49	110
(Accumulated losses) / Retained profits	22	(56,931)	(60,107)
Total equity		50,891	47,776

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 2012

	Note	Contributed Equity $'000	Option Reserve $'000	Retained Earnings / (Accumulated Losses) $'000	Total $'000
Balance at 1 July 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	21	13,477	-	-	13,477
Dividends provided for or paid		-	-	-	-
Employee share options	22	-	80	-	80
Balance as at 30 June 2011		107,773	110	(60,107)	47,776
Total comprehensive profit for year ended 30 June 2012		-	-	3,176	3,176
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	21	-	-	-	-
Dividends provided for or paid		-	-	-	-
Employee share options	22	-	(61)	-	(61)
Balance as at 30 June 2012		107,773	49	(56,931)	50,891

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 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		156,959	214,654
Payments to suppliers and employees (inclusive of GST)		(152,311)	(205,130)
Cash generated from operations		4,648	9,524
Interest paid		(1,075)	(2,127)
Income taxes (paid) received		-	1,611
Net cash inflow from operating activities	33	3,573	9,008
Cash flows from investing activities			
Payments for property, plant and equipment	12	(3,293)	(2,352)
Proceeds from sale of property, plant and equipment		275	247
Interest received		247	466
Net cash inflow / (outflow) from investing activities		(2,771)	(1,639)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		-	13,106
Repayment of borrowings		(6,100)	(2,000)
Repayment of hire purchase and lease payments		(1,564)	(10,278)
Net cash inflow/(outflow) from financing activities		(7,664)	828
Net increase/ (decrease) in cash and cash equivalents		(6,862)	8,197
Cash and cash equivalents at the beginning of the financial year		17,042	8,845
Cash and cash equivalents at the end of the financial year	8	10,180	17,042
Non-cash financing and investing activities		-	-

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 37.

(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 IFRS 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 achieved a profit after income tax from continuing operations for the year of $6.84 million. At 30 June 2012 the Group's total assets exceeded its total liabilities by $50.89 million, current assets exceed current liabilities by $4.07 million and the Group had net cash of $3.28 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 profitability of continuing operations, the Group has budgeted a profit to June 2013 and anticipates positive cash flows over the next 12 months. The projected cash flow has been prepared on the basis of the current order book and encouraging tender activity in its two primary locations being WA and Queensland. The Group has also agreed renewed terms for its banking agreement with its financier, Westpac Banking Corporation. The agreement extends the facility to 31 August 2013 subject to completion of documentation, which is expected to be finalised by 30 September 2012. The agreement requires the Company to meet covenants to maintain its facilities and the Company's compliance with these covenants will be monitored through its standard reporting processes. If the Company is unable to obtain the continued financial support of its bank or obtain alternative finance, it may cast doubt 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 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 2012 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.

(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.

(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 28). 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 28). 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(I).

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.

(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.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

(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.

(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.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

(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.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Employee benefits

(i) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) *Long-term employee benefit obligations*

The liability for long service leave and annual leave which is not expected to be settled within 12 months of the reporting date in which the employees render the related service 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 the employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(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 35.

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 an enhanced trinomial approach for the October 2009 issue and for subsequent issues a combination of Monte Carlo simulation (for the TSR criteria) and a trinomial lattice was used to value the Total Shareholder Return target options, with regression analysis being used for the NPAT hurdles. All methods take 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 as appropriate.

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.

(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.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 2012 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 2015*)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015* 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 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.

There will be no impact on the group's accounting for financial liabilities, as group does not have any financial instruments that would be impacted by this change.

(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. The group does not expect the new standard to have a significant impact on its composition as all subsidiaries are 100% owned and controlled by the parent entity.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

The group does not have any joint venture partnerships currently and therefore AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The group is still assessing the impact of these amendments.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) New accounting standards and interpretations (continued)

The group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iv) Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. As the group does not have a defined benefit liability/asset, there would have been no impact on the proft and loss in the current period. The Group has not yet decided when to adopt the new standard.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(ab) Parent entity financial information

The financial information for the parent entity, Nomad Building Solutions Limited, disclosed in note 37 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	
	2012	2011
	$'000	$'000
Financial assets		
Cash and cash equivalents	10,180	17,042
Trade and other receivables	16,941	18,597
	27,121	35,639
Financial liabilities at amortised cost		
Trade and other payables	21,818	22,567
Borrowings	6,900	14,564
	28,718	37,131

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 2012 0%, (2011: 11%) 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.

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

	30 June 2012		30 June 2011	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Bank loans	7.09%	6,900	7.52%	13,000

The above interest rate relates to the cash advance facility. The interest rate relating to the asset finance facility is disclosed in note 28(c).

(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.

Credit 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 expected to be finalised by 30 September 2012.

Financing arrangements

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

	2012 $'000	2011 $'000
Floating rate		
Bank loans and overdraft expiring within 1 year	5,000	5,000
Bank loans and overdraft expiring beyond 1 year	-	-
Other		
Contingent Instrument facility	17,814	8,231
Total	22,814	13,231

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. The contingent instrument facility, which will be reduced by $5,000,000 under the new agreement, can be drawn progressively as required in respect to bank guarantee or insurance bond 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 2013, subject to documentation being finalised which is expected by 30 September 2012. Under the terms of the new banking agreement, a debt payment of $3,200,000 will be made in September 2012, with the remaining balance to be repaid by 31 December 2012 from cash balances and working capital. Under the new agreement, the contingent instrument facility will be reduced from $20,000,000 to $15,000,000. As the current value of contingent instrument facility being used is $10,201,471, no impact is anticipated.

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 2012 the Group was operating under a facility that matured on 31 August 2012.

At 30 June 2012	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	21,818	-	-	-	21,818	21,818
Borrowings (exclude hire purchase liability)	6,900		-	-	6,900	6,900
Hire Purchase	-	-	-	-	-	-
	28,718	-	-	-	28,718	28,718
At 30 June 2011						
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

(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
2012					
Financial assets					
Cash and cash equivalents	10,180	(76)	(76)	76	76
Financial liabilities					
Borrowings	6,900	52	52	(52)	(52)
		(24)	(24)	24	24
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

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. Business unit performance has stabilised and therefore there is no impairment in the financial year. An impairment test has been performed which involves the use of assumptions and estimates (see note 15). If there are any significant changes in the assumptions or estimates for the businesses which still carry goodwill it may have a material impact on the carrying value.

(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 $1,573,000, if unfavourable;
- increase profit before tax by $1,489,000, 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 $306,000;
- decrease by a year then profit before tax would decrease by $428,000.

(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. The company returned to profitability in the current financial year, and is expecting to continue improving its financial performance in the coming year following the closure of non-performing businesses.

(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 27.

NOTE 4 : REVENUE

	Consolidated	
	2012 $'000	2011 $'000 Restated
From continuing operations		
Sales revenue		
Construction contract revenue	96,267	117,324
Revenue from the sale of goods	9,043	4,288
Revenue from the rendering of services including the hire of buildings	9,963	11,073
Other revenue		
Interest	216	411
	115,489	133,096

NOTE 5 : OTHER INCOME

Net gain on sale of property, plant and equipment	-	1
Other	470	611
	470	612

NOTE 6 : EXPENSES

	Consolidated 2012 $'000	Consolidated 2011 $'000 Restated
(Loss) / Profit before income tax includes the following specific expenses:		
Depreciation		
Hire assets	2,637	4,242
Land and buildings	40	66
Plant and equipment	552	612
Investment property	804	804
Total depreciation	4,033	5,724
Impairment		
Goodwill	-	10,000
Total impairment	-	10,000
Finance costs		
Interest and finance charges paid/payable	1,075	2,145
Finance costs expensed	1,075	2,145
Rental expense relating to operating leases		
Minimum lease payments	3,381	3,905
Total rental expense relating to operating leases	3,381	3,905
Employee benefits expense		
Salary and wages	9,687	9,791
Performance related bonus	-	217
Superannuation expense	951	1,343
Share-based payments	(62)	80
Other employee expense	1,611	2,960
Total employee benefits expense	12,187	14,391
Corporate and Administration expenses		
Corporate and administration expenses	3,493	3,641
Total corporate and administration expense	3,493	3,641

NOTE 7 : INCOME TAX EXPENSE

	Consolidated 2012 $'000	Consolidated 2011 $'000 Restated
(a) Income tax (revenue) / expense		
Current tax	-	-
Deferred tax	1,419	(4,127)
Adjustments for current tax of prior periods	-	(5)
	1,419	(4,132)
Income tax expense is attributable to:		
Profit from continuing operations	2,978	354
(Loss) from discontinued operation	(1,559)	(4,486)
Aggregate income tax (revenue) / expense	1,419	(4,132)
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 14)	1,460	(4,033)
(Decrease)/increase in deferred tax liabilities (note 19)	(41)	(94)
	1,419	(4,127)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) from continuing operations before income tax expense (loss)	9,792	(9,334)
Profit/(loss) from discontinued operations before income tax expense (loss)	(5,197)	(14,969)
	4,595	(24,303)
Tax at the Australian tax rate of 30% (2011 – 30%)	1,378	(7,290)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impairment charge	-	3,000
Share based payments	18	(24)
Entertainment	23	20
Other	-	167
Income tax expense (benefit)	1,419	(4,127)
Adjustments for current tax for prior periods	-	(5)
Income tax (revenue) / expense	1,419	(4,132)

NOTE 8 : CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated 2012 $'000	Consolidated 2011 $'000
Cash at bank and in hand	10,180	17,042
	10,180	17,042

(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 2012 $'000	Consolidated 2011 $'000
Balances as above	10,180	17,042
Balances per statement of cash flows	10,180	17,042

(b) Interest rate risk exposure

The bank accounts are bearing floating interest rates currently ranging between 2.5% and 3.5% (2011: between 3.8% and 4.7%). The Group's exposure to interest rate risk is discussed in note 2.

NOTE 9 : CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated 2012 $'000	Consolidated 2011 $'000
Trade receivables	15,862	16,891
Allowance for impairment of receivables (note(a) below)	(4)	(154)
Other receivables	662	1,560
Prepayments	421	300
	16,941	18,597

At 30 June 2012 trade receivables include retentions of $570,000 (2011: $1,440,000) relating to construction contracts in progress.

(a) Impaired trade receivables

As at 30 June 2012 current trade receivables of the Group with a nominal value of $4,000 (2011 - $154,000) were impaired. The amount of the allowance was $4,000 (2011 - $154,000). 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 2012 $'000	Consolidated 2011 $'000
Up to 3 months	-	-
3 to 6 months	-	
Over 6 months	4	154
	4	154

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

	Consolidated 2012 $'000	Consolidated 2011 $'000
At 1 July	154	16
Impairment recognised during the year	(73)	150
Receivables written off during the year as uncollectable	(77)	(12)
	4	154

NOTE 9 : 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 2012, trade receivables of $4,565,000 (2011 - $5,245,000) 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	
	2012 $'000	2011 $'000
Up to 3 months	2,716	2,113
3 to 6 months	1,849	3,132
	4,565	5,245

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 2012 is mostly related to the discontinued operation, with customers delaying payment to ensure close out of final contract items.

(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 10 : CURRENT ASSETS – INVENTORIES

	Consolidated	
	2012 $'000	2011 $'000
Work-in-progress	15,697	9,068
Raw materials and stores – at cost	278	547
	15,975	9,615

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2012 amounted to $nil (2011: nil). The expense has been included in 'raw materials, consumables and contract labour' in the statement of comprehensive income.

At 30 June 2012 aggregate costs incurred under open construction contracts and recognised profit, net of recognised losses, amounted to $107,328,000 (2011: $166,575,000). Progress billings and advances received from customers under open construction contracts amounted to $97,691,000 (2011: $163,265,000). 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 $6,060,000 at 30 June 2012 (2011: $5,758,000).

NOTE 11 : NON-CURRENT ASSETS – RECEIVABLES

	Consolidated 2012 $'000	Consolidated 2011 $'000
Other receivables	-	34
	-	34

(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:

	2012 $'000 Carrying amount	2012 $'000 Fair value	2011 $'000 Carrying amount	2011 $'000 Fair value
Other receivables	-	-	34	34
	-	-	34	34

(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 12 : NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Consolidated	Hire buildings	Land and buildings	Plant and equipment	Total
Year ended 30 June 2011				
Opening net book amount	18,891	1,111	4,214	24,216
Additions	408	1,114	830	2,352
Disposals	(1,750)	(1,417)	(323)	(3,490)
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
Year ended 30 June 2012				
Opening net book amount	13,307	737	3,606	17,650
Additions	2,819	21	453	3,293
Disposals	(5,296)	(514)	(932)	(6,742)
Depreciation charge	(2,637)	(78)	(904)	(3,619)
Closing net book amount	8,193	166	2,223	10,582
At 30 June 2012				
Cost or fair value	19,730	240	5,272	25,241
Accumulated depreciation	(11,537)	(74)	(3,049)	(14,659)
Net book amount	8,193	166	2,223	10,582

Refer to note 17 (a) for information on non-current assets pledged as security by the Group.

NOTE 13 : NON-CURRENT ASSETS – INVESTMENT PROPERTY

	Consolidated	
	2012	2011
	$'000	$'000
Opening balance at 1 July	5,162	5,966
Depreciation for the year	(805)	(804)
Balance at end of year	4,357	5,162

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

NOTE 13 : 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 2012 $'000	Consolidated 2011 $'000
Rental income	2,382	2,290
Direct operating expenses arising from investment property that generated rental income during the year	(972)	(1,089)
	1,410	1,201

(b) Leasing arrangements

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

	Consolidated 2012 $'000	Consolidated 2011 $'000
Minimum lease payments under non-cancellable operating leases of investment property are as follows:		
Within one year	2,420	2,327
Later than one year but not later than five years	1,091	3,367
	3,511	5,694

NOTE 14 : NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	Consolidated 2012 $'000	Consolidated 2011 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	227	319
Share issue expenses	297	431
Contract provisions	764	2,693
Borrowing costs	118	103
Property, plant and equipment	412	686
Carry forward losses	8,496	7,025
	10,314	11,257
Other:		
Provisions - other	335	410
Doubtful debts	2	2
Work in Progress	-	442
Sub-total other	337	854
Total deferred tax assets	10,651	12,111
Deferred tax assets to be recovered within 12 months	-	-
Deferred tax assets to be recovered after more than 12 months	10,651	12,111
	10,651	12,111

NOTE 14 : 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 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
(Charged)/ credited to the statement of comprehensive income	(92)	(1,929)	(134)	15	(274)	(517)	1,471	(1,460)
Charged directly to equity	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-		-	-	-	-	-
At 30 June 2012	227	764	297	118	412	337	8,496	10,651

NOTE 15 : NON-CURRENT ASSETS – INTANGIBLE ASSETS

Consolidated	Goodwill $'000	Total $'000
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
Year ended 30 June 2012		
Opening net book amount	21,416	21,416
Additions	-	-
Impairment charge	-	-
Closing net book amount	21,416	21,416
At 30 June 2012		
Cost or fair value	88,857	88,857
Accumulated amortisation and impairment	(67,441)	(67,441)
Net book amount	21,416	21,416

NOTE 15 : NON-CURRENT ASSETS – INTANGIBLE ASSETS (continued)

(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:

2012	$'000
Transportables	16,416
Construction	5,000
	21,416

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

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% (2011: 3.0%) per annum for years two, three, four and five with a final terminal value adopted.

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 2011		
Transportables	3	20
Construction	3	20
Rental	3	20
Year ended 30 June 2012		
Transportables	3	20
Construction	3	20
Rental	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 recent 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 2012. The discount rate applied to the cash flow projections would have to be 30% or the actual EBITDA achieved would have to be at least 33% below the forecasted amount for each year before the recoverable amount of goodwill would equal the carrying amount for any of the CGU's separately assessed. Management does not consider it reasonably likely that a change in any of the key assumptions would result in the need to impair goodwill.

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(d) Impairment charge

As a result of the impairment testing process there was no impairment charge (2011: $10,000,000) made against Goodwill in the current period. The 2011 impairment of $10,000,000 related to the Construction segment with $nil relating to the Transportables or Rental segments.

NOTE 16 : CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated 2012 $'000	Consolidated 2011 $'000
Trade payables	10,995	14,775
Other payables	10,823	7,792
	21,818	22,567

NOTE 17 : CURRENT LIABILITIES – BORROWINGS

	Consolidated 2012 $'000	Consolidated 2011 $'000
Secured		
Hire purchase liabilities	-	1,564
Secured bank loans	6,900	13,000
Total secured current borrowings	6,900	14,564
Total current borrowings	6,900	14,564

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

NOTE 17 : CURRENT LIABILITIES – BORROWINGS (continued)

	Note	Consolidated 2012 $'000	2011 $'000
Floating charge			
Cash and cash equivalents	8	10,180	17,042
Receivables	9	16,941	18,597
Inventories	10	15,975	9,616
Total current assets pledged as security		43,096	45,255
Non-current			
Hire Purchase Liabilities			
Hire buildings	12	7,331	13,307
Floating charge			
Land and Buildings	12	1,028	737
Plant and equipment	12	2,223	3,607
Receivables	11	-	34
Investment property	13	4,357	5,162
		7,608	9,540
Total non-current assets pledged as security		14,939	22,847
Total assets pledged as security		58,035	68,102

(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 2013, subject to finalisation of documentation expected by 30 September 2012. 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 5.17% (2011: 7.46%).

The above interest rate relates to the cash advance facility. The interest rate relating to the asset finance facility is disclosed in note 28(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	2012 Carrying amount $'000	2012 Fair value $'000	2011 Carrying amount $'000	2011 Fair value $'000
Non-traded financial liabilities				
Bank loans	6,900	6,900	13,000	13,000
Lease liabilities	-	-	1,564	1,564
	6,900	6,900	14,564	14,564

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 18 : CURRENT LIABILITIES – PROVISIONS

	Consolidated 2012 $'000	Consolidated 2011 $'000
Employee benefits	671	858
Audit fees	104	127
Contractual disputes	3,307	8,977
Other	161	742
	4,243	10,704

(a) Movement in provisions

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

Consolidated 2012	Audit Fees $'000	Contractual disputes $'000	Other $'000	Total $'000
Current				
Carrying amount at start of year	127	8,977	742	9,846
Additional provisions recognised	104	300	85	489
Amounts used during the period	(127)	(5,970)	(666)	(6,763)
Carrying amount at end of the year	104	3,307	161	3,572

NOTE 19 : NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	Consolidated 2012 $'000	Consolidated 2011 $'000
The balance comprises temporary differences attributable to:		
Intangible assets	-	-
Other		
Property, plant and equipment	38	54
Prepayments	123	148
Total deferred tax liabilities	161	202
Deferred tax liabilities to be settled within 12 months	23	93
Deferred tax liabilities to be settled after more than 12 months	138	109
	161	202

Movement – Consolidated	Property, plant and equipment $'000	Prepayment $'000	Total $'000
At 1 July 2010	173	123	296
(Credited) to the statement of comprehensive income	(119)	25	(94)
Acquisition of subsidiary	-	-	-
At 30 June 2011	54	148	202
(Credited) to the statement of comprehensive income	(16)	(25)	(41)
Acquisition of subsidiary	-	-	-
At 30 June 2012	38	123	161

NOTE 20 : NON-CURRENT PROVISIONS

	Consolidated 2012 $'000	Consolidated 2011 $'000
Employee benefits-long service leave	29	57

NOTE 21 : CONTRIBUTED EQUITY

	Notes	Consolidated and Parent entity 2012 Shares	Consolidated and Parent entity 2011 Shares	Consolidated and Parent entity 2012 $'000	Consolidated and Parent entity 2011 $'000
(a) Share Capital					
Ordinary shares					
Fully paid	(b), (c), (e)	277,479,329	277,479,329	107,773	107,773

(b) Movements in ordinary share capital

Date	Details	Note	Number of shares	Issue Price	$'000
1 July 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
					-
30 June 2012	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 35.

NOTE 21 : CONTRIBUTED EQUITY (continued)

(f) Rights Issue

On 16 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 2012, the Group's strategy, which was unchanged from 2011, was to maintain a gearing ratio below 50%. The gearing ratios at 30 June 2012 and 30 June 2011 were as follows:

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Total borrowings	17	6,900	14,564
Less: cash and cash equivalents	8	(10,180)	(17,042)
Net (cash) / debt		(3,280)	(2,478)
Total equity		50,891	47,776
Total borrowings to total equity		14%	30%

NOTE 22 : RESERVES AND RETAINED PROFITS / (ACCUMULATED LOSSES)

	Consolidated 2012 $'000	Consolidated 2011 $'000 Restated
(a) Reserves		
Movements in share-based payments reserve were as follows:		
Balance 1 July	110	30
Option expense	(61)	80
Balance 30 June	49	110
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance 1 July	(60,107)	(39,936)
Net (Loss) / Profit for the year	3,176	(20,171)
Balance 30 June	(56,931)	(60,107)

NOTE 22 : 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 23 : DISCONTINUED OPERATION

NOMAD MODULAR BUILDING – TRANSPORTABLES BUSINESS

(i) Description

In June 2012 the Transportables operations of Nomad Modular Building Pty Ltd were discontinued. Close out of administrative contractual requirements is expected to be finalised in the first half or the 2013 financial year. The entity was not a discontinued operation or classified as held for sale as at 30 June 2011 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

	2012 $'000	2011 $'000 Restated
Results of discontinued operation		
Revenue	29,574	43,565
Expenses	(34,170)	(57,321)
Profit/(loss) before income tax expense	(4,596)	(13,756)
Income tax benefit/(expense)	1,379	4,123
Net profit/(loss) after income tax of discontinued operation	(3,217)	(9,633)
(Loss) on sale of assets	(601)	-
Income tax on gain on closure of discontinued operation	180	-
Profit/(loss) from discontinued operation	(3,638)	(9,633)
Cash flows from (used in) discontinued operations		
Net cash (used in) / from operating activities	(13,724)	2,847
Net cash from / (used in) investing activities	334	(300)
Net cash (used in) financing activities	-	-
Net increase/(decrease) in cash generated by the division	(14,058)	2,547

Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 30 June 2012 were:

	2012	2011
Details of the closure of the division:		
Consideration received or receivable		
Cash	275	-
Total consideration on closure	275	-
Carrying amount of net assets disposed of on closure	(876)	-
(Loss) on disposal before income tax	(601)	-
Income tax expense	180	-
(Loss) on disposal after income tax	(421)	-

NOTE 23 : DISCONTINUED OPERATION

RTS GROUP PTY LTD
(i) Description
In December 2010 the operations of RTS Group Pty Ltd were discontinued and finalised on 31 January 2011. The entity was disclosed as a discontinued operation in the 2011 accounts.

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

	2012 $'000	2011 $'000
Results of discontinued operation		
Revenue	-	4,619
Expenses	-	(6,065)
Profit/(loss) before income tax expense	-	(1,446)
Income tax benefit/(expense)	-	434
Net profit/(loss) after income tax of discontinued operation	-	(1,012)
Gain on sale of assets	-	232
Income tax on gain on closure of discontinued operation	-	(70)
Profit/(loss) from discontinued operation	-	(850)

	2012 $'000	2011 $'000
Cash flows from (used in) discontinued operations		
Net cash from/ (used in) operating activities	558	(295)
Net cash from investing activities	-	232
Net cash (used in) / from financing activities	-	(178)
Net increase/(decrease) in cash generated by the division	558	(241)

Carrying amounts of assets and liabilities
The carrying amounts of assets and liabilities as at 30 June 2012 were:

	2012 $'000	2011 $'000
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 24 : DIVIDENDS

	2012 $'000	2011 $'000
(a) Ordinary shares		
No dividends were declared or paid in relation to the reporting period.	-	-
(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 2012 $'000	2011 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2011 – 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 2012.

NOTE 25 : KEY MANAGEMENT PERSONNEL

(a) Key management personnel compensation

	Consolidated 2012 $	Consolidated 2011 $
Short-term employee benefits (salary, bonus payments and allowances)	2,069,265	1,858,944
Post-employment benefits	144,719	128,515
Share based payments	(45,203)	82,552
	2,168,781	2,070,011

Detailed remuneration disclosures are provided in the Remuneration Report on pages 20 to 21.

(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.

2012

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							
M J Bourke	4,000,000	2,000,000	-	(6,000,000)	-	-	-
Other key management personnel of the Group							
B McDonald	1,300,000	-	-	-	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

Mr M J Bourke ceased employment on 12 March 2012. The options granted lapsed on their cessation of employment.

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

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.

NOTE 25 : 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.

2012 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	750,000
D A Craig	200,000	-	200,000	200,000	200,000
D J Franklyn	12,010,390	-	(12,010,390)	-	-
M J Bourke	270,000	-	(270,000)	-	-
D J Cochrane					
Other key management personnel of the Group					
B McDonald	-	-	-	-	-
A J Sturcke	160,000	-	160,000	160,000	160,000
M B Brockbank	-	-	-	-	-
E P Davies	-	-	-	-	-
P O Depiazzi	200,000	-	(200,000)	-	-

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	-	-	-	-	-
A J Sturcke	-	-	160,000	160,000	160,000
M B Brockbank	-	-	-	-	-
E P Davies	-	-	-	-	-
P O Depiazzi	200,000	-	-	200,000	200,000

(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 2012 or 30 June 2011.

NOTE 25 : 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 from March 2008. The rental agreement is based on normal commercial terms and conditions. Amounts included are up until Mr Thomas resigned from the Group on 3 September 2011.

In 2011, Rapley Wilkinson Pty Ltd entered into a building contract with the wife of Mr M B Brockbank. The contract was on standard terms for Rapley Wilkinson Pty Ltd.

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

	Consolidated 2012 $	Consolidated 2011 $
Amounts recognised as revenue		
Sales revenue for construction	-	564,236
Sales revenue for project management fees	-	-
Amounts recognised as expense		
Rent of premises	-	49,225

NOTE 26 : 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 2012 $	Consolidated 2011 $
BDO Audit (WA) Pty Ltd		
Audit services		
Audit and review of financial statements	166,000	166,000
Tax services (from a BDO audit (WA) Pty Ltd related entity)	37,020	6,570
Total remuneration for audit and other services	203,020	172,570

NOTE 27 : 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 $3,500,000 (2011: $2,000,000) excluding those amounts the Company consider settlement to be remote.

Contingent instruments
The Group had outstanding guarantees to the value of $12,186,000 (2011: $11,769,000) 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 2012 (2011: nil).

NOTE 28 : COMMITMENTS

(a) Capital Commitments

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

	Consolidated	
	2012	2011
	$'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	
	2012	2011
	$'000	$'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	3,362	3,497
Later than one year but not later than five years	12,824	7,868
Greater than five years	2,734	4,658
	18,920	16,023
Representing:		
Cancellable operating leases	235	475
Non-cancellable operating leases	18,685	15,548
	18,920	16,023

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 28 : COMMITMENTS (continued)

(c) Finance leases (hire purchase)

	Note	Consolidated 2012 $'000	2011 $'000
Commitments for minimum lease payments in relation to finance leases are payable as follows:			
Within one year		-	1,647
Later than one year but not later than five years		-	-
		-	1,647
Future finance charges on hire purchase liabilities		-	(83)
		-	1,564
Representing hire purchase liabilities:			
Current	17	-	1,564
Non-current		-	-
		-	1,564

The weighted average interest rate implicit in the leases is nil (2011: 5.89 %).

(d) Sub-lease payments

	Consolidated 2012 $'000	2011 $'000
Future minimum lease payments expected to be received in relation to non cancellable sub-leases of operating leases	300	481

NOTE 29 : 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 30.

(b) Key management personnel
Disclosures relating to key management personnel are set out in note 25.

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 30 : 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	
			2012 %	2011 %
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 31 : SEGMENT REPORTING

(a) Description of segments

Following a review within the business, 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 five non-executive directors and one executive director.

The Board considers the business from a product perspective and has identified 3 reporting segments. Transportables consist of all centralised manufacturing operations. The Construction division consists of all operations where the majority of the work is in situ construction. Rental consists of assets where the primary income source is rental yield. The Group operates in one geographical area, being Australia.

(b) Segment information provided to the Board

Segment information provided to the Board for the year ended 30 June 2012 is as follows:

2012	Transportable	Construction	Rental	Total
	$'000	$'000	$'000	$'000
Segment Revenue				
Total segment revenue	62,828	34,065	19,006	115,899
Inter-segment revenue	(270)	(356)	-	(626)
Segment revenue from external customers	62,558	33,709	19,006	115,273
EBITDA	7,454	(193)	12,801	20,062
Interest revenue	45	27	2	74
Interest expense	-	-	15	15
Depreciation and amortisation	402	157	3,402	3,961
Impairment - (note 15(d))	-	-	-	-
Segment Assets and Liabilities				
Segment assets	38,928	12,732	9,614	61,274
Segment liabilities	12,633	9,475	1,053	23,161
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	1,218	6	1,978	3,202

NOTE 31 : SEGMENT REPORTING (continued)

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

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

2011	Transportable	Construction	Rental	Total
	$'000	$'000	$'000	$'000
Segment Revenue				
Total segment revenue	64,020	55,573	13,322	132,915
Inter-segment revenue	(42)	(188)	-	(230)
Segment revenue from external customers	63,978	55,385	13,322	132,685
EBITDA	7,457	(2,543)	9,762	14,676
Interest revenue	40	35	2	77
Interest expense	82	3	391	476
Depreciation and amortisation	413	233	5,047	5,693
Impairment - (note 15(d))	-	10,000	-	10,000
Segment Assets and Liabilities				
Segment assets	40,017	11,857	15,916	67,790
Segment liabilities	11,968	6,439	2,832	21,239
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	1,447	88	407	1,942

NOTE 31 : SEGMENT REPORTING (continued)

(c) Segment information as reported within the business until 30 June 2011

The Board considered previously the business from a product perspective and identified 2 reporting segments. Transportables consisted of all centralised manufacturing operations, including internal suppliers to the manufacturing operations. The Construction division consisted of all operations where the majority of the work is in situ construction. Other consisted of an asset that was leased out. The Group operated in one geographical area, being Australia.

Segment information as reported within the business until 30 June 2011 for the year ended 30 June 2012 is as follows:

2012	Transportable	Construction	Other	Total
	$'000	$'000	$'000	$'000
Segment Revenue				
Total segment revenue	79,452	34,065	2,382	115,899
Inter-segment revenue	(270)	(356)	-	(626)
Segment revenue from external customers	79,182	33,709	2,382	115,273
EBITDA	17,953	(193)	2,302	20,062
Interest revenue	45	27	2	74
Interest expense	-	-	15	15
Depreciation and amortisation	3,054	157	750	3,961
Impairment - (note 15(d))	-	-	-	-
Segment Assets and Liabilities				
Segment assets	46,259	12,732	2,283	61,274
Segment liabilities	13,686	9,475	-	23,161
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	1,218	6	1,978	3,202

NOTE 31 : SEGMENT REPORTING (continued)

(d) 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	
	2012 $'000	2011 $'000 Restated
Total segment revenue	115,273	132,685
Interest revenue	213	411
Total revenue from continuing operations (refer Note 4)	115,486	133,096

(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	
	2012 $'000	2011 $'000 Restated
Total segment EBITDA	20,062	14,676
Inter segment eliminations	-	-
Revenue not attributable to operating segments	190	10
Interest Revenue	213	411
Finance costs	(1,075)	(2,125)
Depreciation	(4,033)	(5,724)
Amortisation	-	-
Impairment	-	(10,000)
Consultants and legal expenses	(515)	(1,351)
Employee benefits expenses	(2,911)	(3,003)
Other Expenses	(2,200)	(2,148)
Share-based payments	61	(80)
Operating (Loss) / Profit before income tax from continuing operations	9,792	(9,334)

NOTE 31 : SEGMENT REPORTING (continued)

(d) 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	
	2012 $'000	2011 $'000 Restated
Segment assets	61,274	67,790
Inter-segment eliminations	215	67
Current tax asset	-	-
Deferred tax assets	10,651	12,111
Non-segment assets	17,962	21,660
Total assets per statement of financial position	90,102	101,628

(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	
	2012 $'000	2011 $'000 Restated
Segment liabilities	23,161	21,239
Inter-segment eliminations	49	67
Secured bank loan	6,900	13,000
Deferred tax liabilities	161	202
Non-segment liabilities	8,940	19,344
Total liabilities per statement of financial position	39,211	53,852

NOTE 32 : EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 1 August Mr Peter Hogan commenced as Managing Director of Nomad Building Solutions Ltd. From this date, Mr David Franklyn ceased as Executive Director and returned to his role as non-executive Director.

On 23 August, Mr Mike Folwell and Mr Peter Constable were appointed to the Board of Nomad Building Solutions Ltd as non-executive directors.

On 23 August 2012 the Group reached agreement to extend its banking facility with Westpac Banking Corporation to 31 August 2013, subject to completion of final documentation. The agreement includes a debt repayment of $3,200,000 to be made in September 2012 with the remaining balance to be paid by 31 December 2012, and a reduction of the contingent instrument facility to $15,000,000 from $20,000,000. The Overdraft facility of $5,000,000 will be maintained.

No other matters or circumstances have arisen since 30 June 2012 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 33 : RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2012 $'000	2011 $'000
(Loss) / Profit for the year	3,176	(20,171)
Add back items:		
Depreciation and amortisation	4,424	6,231
Impairment charge	-	10,000
Dividend and interest income	(247)	(466)
Written down value of non-current assets sold	6,467	3,244
Share-based payments	(61)	80
Doubtful debts	-	-
Change in operating assets and liabilities:		
Decrease in trade debtors	1,777	5,554
(Increase) / decrease in inventories	(6,360)	11,124
(Increase) in other operating assets	(88)	511
(Increase) / decrease in deferred tax asset	1,460	(4,033)
Increase / (Decrease) increase in other provisions	(6,489)	6,752
(Decrease) in trade creditors	(445)	(11,335)
(Decrease) in provision for income taxes	-	1,611
Increase / (decrease) in provision for deferred tax liability	(41)	(94)
Net cash inflow from operating Activities	3,573	9,008

NOTE 34: EARNINGS PER SHARE

		Consolidated 2012 Cents	Consolidated 2011 Cents
(a)	Basic earnings / (loss) per share from continuing operations before goodwill impairment	1.1	0.1
(b)	Basic earnings / (loss) per share	1.1	(9.2)
(c)	Diluted earnings / (loss) per share	1.1	(9.2)
(b)	Basic earnings / (loss) earnings per share from continuing operations	2.5	(4.4)
(c)	Diluted earnings / (loss) per share from continuing operations	2.4	(4.4)
(d)	Reconciliations of (loss) / earnings used in calculating earnings per share	$'000	$'000
	Basic and diluted earnings / (loss) per share:		
	Profit / (Loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share from continuing operations before goodwill impairment	3,176	312
	Profit / (Loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings / (loss) per share	3,176	(20,170)
	Profit / (Loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings / (loss) per share	3,176	(20,170)
	Profit / (Loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings / (loss) per share from continuing operations	6,814	(9,688)
	Profit / (Loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings / (loss) per share from continuing operations	6,814	(9,688)
(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	277,479,329	219,975,923
	Weighted average number of shares used as the denominator in calculating basic earnings per share	277,479,329	219,975,923
	Adjustment for calculation of diluted earnings per share for options	9,571,858	-
	Weighted average number of shares used as the denominator in calculating diluted earnings per share	287,051,187	219,975,923

(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 35.

NOTE 35: 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.

<u>Nomad Long-term Incentive Plan 2008</u>
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.

All options issued under this plan have lapsed with hurdles not being met.

<u>Managing Director Long-term Incentive Plan 2010</u>
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. A second issue of options was made under this plan following approval from shareholders at the Annual General Meeting (AGM) on 24 November 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) 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.

The second tranche of options issued under this plan related only to measure (a) of the plan.

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 35: SHARE-BASED PAYMENTS (continued)

(a) Employee option plans (continued)

The initial exercise price for tranche one 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.

Following the resignation of Mr M B Bourke, all options issued under this plan have lapsed.

Executive Long-term Incentive Plan 2011
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

The first year hurdles of options issued under this plan have not been met.

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

2012

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	110,000	-	-	(110,000)	-	-
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	-	-	(500,000)	4,600,000	-
24/11/11	31/12/16	$0.1000	-	2,000,000		(2,000,000)	-	-
31/12/11	31/12/16	$0.1300	-	1,500,000	-	(500,000)	1,000,000	-
Total			9,510,000	3,500,000	-	(7,110,000)	5,900,000	-
Weighted average exercise price			$0.15	$0.11	-	$0.13	$0.16	-

NOTE 35: SHARE-BASED PAYMENTS (continued)

(a) Employee option plans (continued)

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	-

The weighted average remaining contractual life of share options outstanding at the end of the period was 4.0 years (2011: 4.6 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 2012 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	$0.10	$0.13
Grant date	24 November 2011	31 December 2011
Expiry date	31 December 2016	31 December 2016
Share price at issue date	$0.097	$0.097
Expected price volatility of Company's shares	55.2%	55.2%
Risk free interest rate	4.41%	4.41%
Fair Value	$0.0000	$0.0163

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

NOTE 35: 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 for options issued in 2010 and 33.3% for the first year, 33.3% for the second year and 33.4% in the third year for options issued in 2011. 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 current exponentially-weighted moving average volatility of benchmark group stock and Forecast long-term volatility employing various estimators of benchmark group stock returns using data from the relevant period.

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	
	2012	2011
	$'000	$'000
Options issued under employee option plan	(61)	80
Total options expense	(61)	80

NOTE 36: 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 37: PARENT ENTITY SUMMARY

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

	Note	Parent entity 2012 $'000	Parent entity 2011 $'000
Net (loss) / profit and total comprehensive (expense) / Income attributable to members of Nomad Building Solutions Limited		1,120	(25,919)
Total current assets		3,567	8,243
Total non-current assets		58,046	54,026
Total assets		61,613	62,269
Total current liabilities		12,616	14,321
Total non-current liabilities		162	172
Total liabilities		12,778	14,493
Net assets		48,835	47,776
Equity			
Contributed equity	21	107,773	107,773
Reserves		49	110
(Accumulated losses) / Retained profits		(58,987)	(60,107)
Total equity		48,835	47,776

Operating lease commitments

	Parent entity 2012 $'000	Parent entity 2011 $'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	765	224
Later than one year but not later than five years	2,452	377
	3,217	601
Representing:		
Non-cancellable operating leases	3,217	601
	3,217	601

As per note 36 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 $32,250,000 (2011: $34,246,000).

The parent entity had no other capital commitments or contingent liability at 30 June 2012 (2011: 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 2012 and of the performance for the year ended on that date of 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:

Peter Hogan
Managing Director

Perth
31 August 2012

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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 2012, 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 gives a true and fair view and 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 company'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 company'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 conduction 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 the same terms if given to the directors as at the time of this auditors' 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 2012 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 modifying our opinion, we draw attention to Note 1 (a) in the financial report, which indicates that the consolidated entity has renewed terms for its banking agreement with its financier, Westpac Banking Corporation. The agreement extends the facility to 31 August 2013 subject to completion of documentation, which is expected to be finalised by 30 September 2012. The agreement requires the Company to meet covenants to maintain its facilities and the Company's compliance with these covenants will be monitored through its standard reporting processes. If the Company is unable to obtain continued financial support of its financier 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 amounts stated in the financial statements.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. 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 2012 complies with Section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO
C Burton

CHRIS BURTON
Director

Perth, Western Australia
Dated the 31st day of August 2012

Supplementary Appendix 4E Information
for the Year Ended 30 June 2012

NET TANGIBLE ASSET PER SHARE

	30 June 2012 Cents	30 June 2011 Cents
Net tangible asset backing per ordinary share	10.6	9.5

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 2012

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	-	-	-	-
Options	5,900,000	Nil	Nil	Nil
Changes during current period: Increases through issues under long-term incentive plan	3,500,000	Nil	Nil	Nil
Options lapsed	(7,110,000)	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 31 August 2012 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

Peter Hogan
Managing Director

Date: 31 August 2012