

24 November 2011

Company Announcements Office
ASX Limited

Dear Sir / Madam

Chairman's and Managing Director's Addresses to AGM

The attached Chairman's Address and Managing Director's Address will be delivered to the Annual General Meeting of Nomad Building Solutions Limited today.

Signed for and on behalf of Nomad by:



Mr Andrew Sturcke
Company Secretary

Tel: (08) 9204 8720

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

Chairman's Address
Nomad Building Solutions Limited
Annual General Meeting
3.00pm Thursday, 24 November 2011

2011 Financial Year Overview

Whilst the past 12 months have been very challenging, I am pleased to advise the Company has continued with its transformation and made substantial progress with its turn-around plan.

In summary, the key achievements during this period include enhancements to the Company's financial structure and a significant reduction in debt, both of which have helped to secure the capital structure of the Company and allow it to focus on its turn-around plans and on the future growth of the business. Significant changes have been made to the Company's operations which resulted in a considerable improvement in operational performance, particularly in the second half of the year.

Turning to these matters in more detail, the Company's financial structure was significantly strengthened by raising \$13.1 million in new equity (net of all issue costs) in November and December 2010. As a result of the equity injection together with a much stronger cash flow position, the Company was able to reduce its borrowings from \$26.8 million at 30 June 2010 to \$14.6 million at 30 June 2011, a total reduction of \$12.2 million.

The net debt position at 30 June 2011 was a surplus of \$2.5 million, compared with \$18 million in net debt at 30 June 2010. In July 2011, a further \$2.5 million of the Company's banking facility with Westpac was retired and the credit facilities with Westpac renewed by executing formal documentation in late August 2011.

In terms of operational performance, the improvement in 2011 is primarily the result of a comprehensive revamping of the senior management team and their accountabilities, and the strengthening of critical Company-wide business processes and disciplines such as tendering, project management, estimating, scheduling and project delivery. The Managing Director will deal with the operational improvements in more detail in his address.

The Company is also focused on achieving a sustainable reduction in overhead costs and rationalising operations in line with the appropriate sizing of the business units and the corporate centre and reorganisation of work practices and sites. Savings have already been achieved in corporate and administration expenses as well as office accommodation and site lease costs and further savings are expected to be achieved over the next 12 months.

The financial benefits from the turn-around plan were particularly evident in the underlying result for the second-half of the 2011 financial year. The result (excluding impairment charges, provisions for contract disputes and losses from discontinued operations) was a loss of \$0.4 million before tax which compares favorably with a \$3.3 million loss before tax in the first-half.

Despite the improvements made during the 2011, the consolidated result for the Company for the 2011 financial year was a net loss after tax of \$20.1 million on sales revenue of \$175.1 million. This compares with a net loss after tax of \$63.8 million on sales revenue of \$215.4 million reported in the previous financial year.

The consolidated result needs to be considered in context as it was adversely impacted by three key and mainly historical factors. As these are discussed in detail in the Annual Report, I will only provide a brief summary for the purposes of today's meeting.

The most significant factor was the decision to write-down the carrying value of goodwill associated with the Rapley business by \$10 million at the end of the first-half of the 2011 financial year. The second was the losses associated with the completion of the Gorgon contract together with provisions for other legacy contracts, amounting in total to approximately \$8.2 million. The third was a decision to shut down the under performing Residential Truss System business during the first-half, which contributed a net loss after tax of \$0.8 million for the 2011 financial year.

For obvious reasons, the Board has not declared a dividend for the 2011 financial year and the dividend reinvestment plan remains suspended until further notice. It is the intention of the Board to return to a dividend payment when it is considered prudent to do so.

2012 Outlook

The strong demand for infrastructure and accommodation in northern Western Australia and Queensland is expected to continue well into the foreseeable future. Demand growth will continue to be underpinned by the expansion of existing mining and petroleum projects and major new-build resources projects. Government, at both a State and Federal level, also has significant ongoing requirements for regional housing and infrastructure projects in these regions.

To illustrate this point further, the WA State Government has reported that in Western Australia alone, there are more than \$300 billion worth of resources projects in the investment pipeline over the next 5 years. Of these more than \$100 billion worth of projects are under construction or committed to start construction and the balance are currently undergoing feasibility studies or approvals processes.

With established manufacturing capabilities in Western Australia and Queensland, the two main growth states of Australia, and a unique blend of businesses and products to meet both private sector and Government requirements, the Company remains in a very strong position to be able to grow its business in a sustainable and profitable manner.

The improvements made to the Company's management structure together with improved contracting, tendering, estimating, project management and project delivery processes and the restructuring of the business units, will make a significant contribution to the future profitability and growth of the Company.

The enhancements to the Company's capital structure and the significant improvement in performance during the second half of the 2011 financial year, provides a sound platform for the expected continued improvement in the Company's financial results in 2011/2012.

However there is still work to do to ensure consistency of performance and profitable growth, and the Board and Management Team are focused on restoring the reputation and financial performance of your Company.

You will also note that since the last AGM the composition of your Board of Directors has changed significantly with only myself as a continuing director from the period prior to November 2010 and with three new non executive directors whom I would like to thank for joining the board and their support of the Company's direction.

I would also like to take this opportunity to thank Michael Bourke, the Managing Director, who has worked tirelessly since joining in July 2010, his new management team and all of the Company's employees for their efforts in helping to transform the Company during 2011.

I now invite Michael Bourke to deliver his Managing Director's address.

Peter Abery
Chairman

**Managing Director's Address
Nomad Building Solutions Limited
Annual General Meeting
3.00pm Thursday, 24 November 2011**

Thank you Mr. Chairman and thank you ladies and gentlemen for your attendance.

This afternoon, I intend to focus my address on the Company's operational performance and improvements, as the Chairman has already addressed the Company's financial performance in the 2011 financial year.

During the past 12 months, considerable time and effort has been spent on restructuring and improving the Company's operations. This has necessitated the recruitment of senior management personnel, restructuring of business units, and reducing overhead costs. In addition, the basic business processes such as estimating, scheduling, tendering and design were rebuilt and strengthened through a combination of new software applications, training and recruitment of skilled personnel.

I am pleased to advise that we have made considerable progress in all of these critically important areas of the Company's structure and operations. As part of this process, we have also achieved a much higher level of business unit interaction and integration through common policies, procedures and business processes. One simple physical example of this is that McGrath Homes now manufactures pre-stressed concrete slabs for its own requirements and those of Nomad Modular's WA operations. Previously, Nomad sourced its concrete slabs from an external supplier.

The changes I have outlined allow the Company to leverage its fundamental strengths and significantly improve its future financial performance and growth prospects. We are moving into a much better position to concentrate our efforts on rebuilding the order book.

We continue to work on our bidding and tendering submissions and importantly, the current order book contains numerous higher margin smaller contracts which can be completed in shorter timeframes and are more easily managed compared with large one-off contracts with onerous terms and conditions. Where ever possible, the Company has refrained from committing to complex projects which would have stretched our operational capability during the restructure and rebuilding of the organisation.

2011 Operational Overview and Business Unit Performance

Before I discuss the performance and outlook for the individual business units, I would like to comment on the very important area of health, safety, environment and quality (HSEQ).

We are making good process in upgrading our HSEQ policies and standards to enable the Company to achieve the higher industry standards in HSEQ required by the mining and oil and gas sectors, instead of the traditional domestic building industry standards. As part of this new approach, we appointed a new Group Health, Safety, Environment and Quality Manager during the year to ensure that the standardisation of systems and improvement practices continue through out all of the Company's operations.

I am pleased to advise that we are already seeing results in our safety performance, which is reflected in the total recordable injury frequency rate (TRIFR) of 16.4 at the end of October 2011, compared with a TRIFR of 32.6 at the end of June 2010. We are targeting further reductions in the TRIFR this year.

Other recent HSEQ achievements include a handrail system developed in Nomad Modular for edge protection while working on the raised concrete slabs, and an improved Envirowash system implemented by McGrath Homes to prevent discharge of paints and oils in wastewater.

With regard to the performance and outlook for the business units, McGrath Homes which builds high-quality, competitively priced transportable houses with concrete floors, continues to be the Company's best performing business unit. McGrath is one of the leaders in the high-end transportable market segment in Western Australia and has benefited from having an experienced and stable management team, the right business model and a well defined high quality product. As a result it is also able to effectively compete with in-situ housing in regional areas in terms of quality, design, price, delivery and finish.

It was very pleasing to see McGrath Homes' position as one of the leaders in its market segment, being acknowledged at the inaugural 2011 Housing Industry Association's Pilbara Housing Awards. McGrath received two awards, winning the Transportable Homes \$300,001 and over category and the overall Transportable/Kit Home of the Year, for an innovative housing product on display in Karratha.

The Queensland Business unit includes Halley Homes which provides a similar transportable product range to McGrath Homes for the Queensland market and is one of the leaders in the manufacture of transportable housing in the region.

Significant cost savings were achieved by the Queensland business unit during 2011 from the centralisation of three individual Halley Home's manufacturing facilities into the one facility at Wacol, near Brisbane. It remains well placed to

grow its business as a result of the regional development requirements of coal mine expansions and new coal seam liquefied natural gas projects.

The restructuring and turn-around of the Nomad Modular business unit has been and remains a primary focus for senior management. During the past 12 months the modular business's management team has been substantially re-built along with the estimating, scheduling, design, project management capabilities and business support systems. Further restructuring is underway to ensure that people and the revamped business processes are fully aligned with the Company's objectives for this business unit. The modular business model has also been refined to focus on a custom project delivery approach, due in part to the complex contracting environment.

As detailed in the Annual Report, considerable time and effort was put into closing out Nomad Modular's \$46 million contract with the Thiess Decmil Kentz Joint Venture (TDKJV) to manufacture and supply central facilities buildings for Chevron's Gorgon liquefied natural gas project on Barrow Island.

We are continuing to pursue a commercial settlement of all outstanding contractual issues with TDKJV. At this stage, variations have been agreed and back charges are being negotiated and should be finalised within the next few weeks as TDKJV complete their installation of these facilities on Barrow Island. Once this work has been completed, a final negotiation and settlement will occur. It should be noted that the Company provided for these close out costs in its 2011 final accounts.

Despite the difficulties with this contract, the experience gained and lessons learned, has been invaluable. They have driven our management changes, improved business processes and risk management procedures. Combined with a lower overhead cost base, this enables Nomad Modular to more effectively and profitably supply complex central facilities as well as traditional accommodation for major projects in remote areas in both Western Australia and Queensland.

The Company also has a significant rental fleet business in Western Australia and Queensland with an asset base of \$13.3 million and generating revenue of approximately \$9 million per year. This business generates an attractive return on capital employed and a further \$5 million is being invested to expand these activities in the 2011/2012 financial year. This reinvestment along with opportunistic sales to meet the high demand for these assets, has allowed us to keep our fleet up to date and compliant with ongoing changes to building code requirements.

Considerable restructuring also took place in the Rapley Business unit during 2011. A new management team was appointed, the estimating and design systems and software were upgraded and staff trained on the upgraded systems. A detailed review of its performance and the outlook for construction in regional

areas was completed and as a result, the original successful Rapley business model, which focused on regional in-situ housing and commercial construction projects, was re-instated during the year.

As part of the back to basics approach, Rapley opened a high quality display home in Karratha during the year which is designed to emphasise the outdoor living experience in the Pilbara. Rapley's expertise in housing was also acknowledged with two awards (Outdoor Project of the Year and Innovation in Housing Project of the Year) in the inaugural Housing Industry Association's 2011 Pilbara Housing Awards, for a two storey home built for a private client in Exmouth.

Rapley is now well placed to capitalise on the growing demand for housing in high-growth regional towns in Western Australia. Of special note is the development that is occurring or is planned in the regional centres of Port Headland, Karratha, Wickham and Kununurra. The change to Rapley's business model has also proven to be successful, as evidenced by the order book and a return to profitability in the past few months.

Outlook for 2012

Turning to the outlook for 2012 and beyond, I am pleased to advise that the Company is now much better placed compared with the situation 12 months ago to capitalise on emerging opportunities to build accommodation and infrastructure in Western Australia and Queensland.

Based on the significant improvement in the operational performance achieved during the second half of the 2011 financial year, we now anticipate that the Company's operations will return to profitability in 2011/2012.

The progress made in transforming the Company over the past 12 months together with the enhancements made to its capital structure, has also provided the necessary confidence to re-invest in the business and pursue profitable growth opportunities as they arise.

Finally, I would like to take this opportunity to thank the Chairman and Directors for their encouragement and support since my appointment in July 2010. I would also like to thank the management team and staff for their hard work and ongoing commitment during a period of rapid change requiring the deployment of upgraded business systems and practices. Our employees are clearly starting to enjoy the improvements and greater potential offered to the business for the future from the progress made in the past year.

Michael Bourke
Managing Director