

28 February 2012

## NOMAD RETURNS TO PROFIT IN THE FIRST HALF OF 2011/12

Nomad Building Solutions Limited and its subsidiary entities (Nomad or the Company) is pleased to advise that it has reported a profit for the first-half of the 2011/12 financial year of \$2.2 million on sales revenue of \$82.3 million. This compares favourably with a \$1.2 million loss reported for the second-half of the previous financial year and an \$8.1 million loss, prior to goodwill and impairment expense, reported in the corresponding period in the previous financial year.

This turn-around in the Company's performance was aided by a profit on the sale of rental accommodation assets during the period, but has been supported by cost reductions, the ongoing sound performance of McGrath Homes, a stable contribution from the ongoing accommodation rental business and the continued improvement from the Rapley and Nomad Eastern States businesses.

Whilst this is a positive result, the Company's overall result in the first-half of the 2011/12 financial year was impacted by the continued under performance of the WA Modular Projects business. This has occurred despite management's efforts to restructure and rebuild the business and project processes within this business over the past 12 months.

As a result, and as advised on 20 January 2012, the Company has engaged KPMG to conduct a strategic review of the WA Modular Projects business. The strategic review is examining a range of options including: further re-structuring, product development and diversification opportunities, potential for a trade sale and closure. The review is now expected to be completed in May 2012.

### 2011/2012 First-Half Results Summary (from continuing operations and before goodwill and impairment expense)

	1 <sup>st</sup> Half 2011/12 \$m	2nd Half 2010/11 \$m	1 <sup>st</sup> Half 2010/11 \$m
Revenue	82.3	73.7	101.3
EBITDA	6.3	2.3	(7.1)
EBIT	3.8	(0.6)	(10.3)
Profit/(Loss) Before Tax	3.1	(1.6)	(11.5)
Net Profit /(Loss)	2.2	(1.2)	(8.1)
Cashflow from Operations	3.2	7.3	1.7
Net Surplus/(Net Debt)	4.1	2.4	(3.7)
Total Borrowings to Total Equity	14%	30%	40%

### Financial Results Commentary

- Revenue of \$82.3 million for the half represents an increase of \$8.6 million or 12% compared with the second half of the previous financial year. The increase in revenue reflects the sale of hire fleet and the growth of the Queensland business.
- The improvement in EBIT (an increase of \$4.4 million compared with the prior six months) and return to profitability (an increase of \$3.4 million compared with the prior six months) were largely underpinned by the sale of rental accommodation and ongoing benefits from turn-around activities, predominately overhead savings.
- The positive cash flow trend has continued with \$3.2 million of cash generated from operations in the first-half of 2011/12.
- A total \$7.7 million of borrowings were repaid during the first-half of 2011/12 which reduced total borrowings to \$6.9 million, resulting in a net cash position of \$4.1 million.

### Business Update

Apart from the disappointing performance of the WA Modular Projects business, the Company's other businesses performed satisfactorily in line with turn-around plans in the first-half of 2011/2012, as outlined below:

#### McGrath Homes

- Remains the strongest business in terms of financial performance.
- Its order book is currently weighted to the private residential market but it has several significant commercial housing opportunities for mining companies in the north-west of WA where there is high demand for new accommodation.
- Work is well underway on new projects including the Kiama Housing Development in Derby and the Ranges Project (multi unit modular development) in Karratha.

#### Nomad Eastern States – projects and hire

- The business has grown and its financial performance continues to improve as planned.
- A new hire fleet build program has been implemented with all of the new hire fleet leased out.
- The business is well positioned to win work in the region and in particular from the liquefied natural gas sector in Queensland.

#### Nomad WA Properties and WA Modular Hire

- The 5 year extension of the Karratha Accommodation Village lease to Woodside Energy Limited underpins the secure long-term income stream from this asset.
- Part of the rental fleet was recycled in late November 2011 with the sale of accommodation and facilities for \$8.5 million.
- The remaining rental fleet continues to be leased out and provides an attractive return on the capital invested.

#### Rapley

- The financial performance continues to improve in line with expectations.
- The \$20 million work program on the Karratha Primary school was completed together with the \$17 million Building the Education Revolution schools project (17 schools) in the north-west.
- An attractive pipeline of market opportunities are being targeted in the north-west of WA, including Exmouth, Onslow, Port Hedland, Broome and Kununurra.

## **Outlook**

Nomad has made sound progress over the past six months. While maintaining an ongoing focus on cost reduction, the immediate focus is to take advantage of the strong demand outlook for accommodation assets in WA and Queensland by growing the order book in a prudent manner across all our businesses, whilst addressing the underperformance of the WA Modular Projects business.

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Nomad is a leading provider of integrated manufacturing, construction and property development solutions, particularly in regional and remote areas of Australia.