nomad
building solutions limited

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25 February 2009

HALF-YEAR RESULT – 31 DECEMBER 2008

Nomad Building Solutions Limited reports a net profit after tax of $8.2m (before goodwill impairment) for the half-year ended 31 December 2008 representing a reduction of 21.2% over the previous corresponding period. The reported net profit after tax is $1.3m after allowing for $6.9m for the impairment of goodwill arising from the acquisition of the Rapley Wilkinson business in March 2008. Total revenue for the half-year increased by 61.8% to $234.5m.

The board has declared an interim dividend of 2.0 cents per share, fully franked, payable on 24 April 2009. The dividend reinvestment plan continues to be available to eligible shareholders with a 2.5% discount applicable.

Result

The trading result for the half-year, excluding impairment of goodwill, is summarised as follows:

	Half-year ended 31 December 2008		Half-year ended 31 December 2007		Increase	
	$m	% of Revenue	$m	% of Revenue	$m	%
Revenue	234.5	-	145.5	-	89.0	61.8
EBITDA	18.0	7.7	19.1	13.1	(1.1)	(5.8)
EBIT	13.0	5.5	16.2	11.1	(3.2)	(19.8)
Net profit after tax	8.2	3.5	10.4	7.1	(2.2)	(21.2)
Earnings per share (basic)	6.0c		8.9c		(2.9c)	(32.6)

Comments on the performance of the key divisions of the Group for the half-year are as follows:

- The transportable housing operations, McGrath Homes and Halley Homes, have continued to perform well in both WA and Queensland,
- The Rapley Wilkinson construction business has performed at a satisfactory level but has been impacted by the deferral of a number of projects that were expected to commence late in 2008. However, since the new year the business has seen an increase in tendering activity,
- Problems in the Nomad Modular Building division in WA, specifically relating to installation works, have significantly affected the Group's result. These problems have been experienced across a number of contracts including a significant loss on one turnkey project nearing completion.

Since the appointment of Mr Alan Thomas as Acting Managing Director on 19 January 2009, the Nomad Modular Building division in WA has been restructured to ensure problems experienced in the first half are not repeated. Actions taken include:

- The appointment of Mr Wayne McGrath, CEO of McGrath Homes and an executive director, as Group Operations Manager,
- The transfer of the McGrath Homes project housing manager to manufacturing manager of Nomad Modular Building in WA,
- The transfer of the installation works conducted by Nomad Modular Building in WA to Rapley Wilkinson,

The Chief Executive Officer of the Nomad Modular Building business, Mr Phil Hatt, has tendered his resignation.

The Group is continually addressing overheads to ensure that these costs reflect both the changed business operations and market outlook. Actions taken include the transfer of the Lifestyle Living modular business to McGrath Homes with rationalisation of facilities and people.

Cash flow from operations for the period was strong at $20.9m with capital management of key importance in these uncertain market conditions.

During the half year the company invested $5.6m in land in Wangara WA for McGrath Homes to consolidate the manufacturing operations for transportable housing operations, $12.3m in the hire fleet, $2.5m on the 56 person village in Karratha and $0.8m on new transportable home display units. The hire fleet continues to experience strong utilisation and the board now considers the hire fleet to be sufficient to meet medium term demand.

Total borrowings at 31 December 2008 were $47.1m with net debt to equity being 23.2%. Net debt to equity is forecast to be around 25% at 30 June 2009.

The Company is currently undertaking the annual review process with its principal banker, Westpac. The current facilities expire in April 2010 except for a $6.0m cash advance facility that expires in June 2009. Westpac have been requested to extend the $6.0m cash advance facility to April 2010 to coincide with the remaining facilities and are considering this as part of the annual review.

Outlook

There has been a noticeable increase in enquiries and requests for tenders, including from the mining sector, although the timing of contract awards and the impact on short term results is difficult to forecast. There are a number of large projects being tendered for commencement in 2010 including Gorgon and Olympic Dam.

The Group is expected to benefit from the Western Australian State Government's Royalties for Regions initiative and the $42b stimulus package recently announced by the federal government through the construction and transportable homes divisions. Work from these programs is expected to flow in the 2010 financial year.

The recent turmoil in financial markets continues to cloud the short-term outlook with the deferral of a number of projects that were expected to commence early in 2009.

The Group is forecasting a net profit (excluding the impairment of goodwill adjustment of $6.9m) for the 2009 financial year in the order of $21m.

For further information, please contact the Acting Managing Director, Mr Alan Thomas, on (08) 9217 2300.