



HALF YEAR FINANCIAL REPORT

31 DECEMBER 2010

ASX HALF-YEAR INFORMATION – 31 DECEMBER 2010

Appendix 4D – Lodged with ASX under listing rule 4.2A

This information should be read in conjunction with the 30 June 2010 Annual Report of Nomad Building Solutions Limited.

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HALF-YEAR ENDED 31 DECEMBER 2010

APPENDIX 4D

Results for Announcement to the Market

28 February 2010

	\$'000
Revenue from continuing operations up 9% to	101,377
(Loss) for the half-year increased by 259% to	(18,688)
(Loss) attributable to members of Nomad Building Solutions Limited increased by 259% to	(18,688)

Dividends	Amount per security	Franked amount per security
Interim dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Payment date of dividend		N/A
Record date for determining entitlements to the dividend		N/A
Date of receipt of Dividend Reinvestment Plan notices		N/A

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2010

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Nomad Building Solutions Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

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Directors' Report

Your directors present their report on the consolidated entity consisting of Nomad Building Solutions Limited and the entities it controlled ("the Group") at the end of, or during, the half-year ended 31 December 2010.

Directors

The names of persons who were directors of Nomad Building Solutions Limited ("Nomad" or "the Company") during the whole of the half-year and up to the date of this report are:

Peter Graham Abery – Non-executive Chairman (appointed as Chairman on 29 November 2010)

Richard Lennox Blair resigned as non-executive Chairman on 29 November 2010

Alan John Thomas resigned as an executive director on 25 August 2010

Peter John Slaughter resigned as a non-executive director on 31 December 2010

Michael James Bourke was appointed as Managing Director on 19 July 2010

David Anthony Craig was appointed as a non-executive director on 29 November 2010

David John Franklyn was appointed as a non-executive director on 10 January 2011

Review of Operations

A summary of the consolidated revenues and results is set out below:

	December 2010 \$'000	December 2009 \$'000 Restated
Revenue	101,377	92,900
Other	1,022	316
Total revenue	<u>102,399</u>	<u>93,216</u>
(Loss) from continuing operations before income tax (before unusual items)	(11,503)	(6,972)
Impairment of goodwill	(10,000)	-
(Loss) from continuing operations before income tax	<u>(21,503)</u>	<u>(6,972)</u>
Income tax benefit	3,421	2,112
(Loss) from discontinued operations	(606)	(348)
Net (Loss) attributable to members of Nomad Building Solutions Limited	<u>(18,688)</u>	<u>(5,208)</u>

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Directors' Report
Cont'd...

Comments on the operations and the results of those operations are set out below:

Nomad Building Solutions Limited reports a net loss after tax of \$18.7 million for the half-year ended 31 December 2010 representing an increase in the loss of 259% over the previous corresponding period. Total revenue for the half-year increased by 9% to \$102 million.

The financial result includes an underlying operating loss of \$3.3 million (\$2.3 million after tax), a \$10.0 million goodwill impairment charge against the Rapley Wilkinson business and \$8.2 million in losses and provisioning primarily for Nomad Modular Building's Gorgon contract and for other legacy contracts.

Result

The trading result for the half-year, excluding impairment of goodwill and discontinued operations but including the losses and provisioning relating to the Gorgon contract and other legacy contracts, is summarised as follows:

	Half-year ended 31 December 2010		Half-year ended 31 December 2009		Increase / (Decrease)	
	\$m	% of Revenue	\$m	% of Revenue	\$m	%
Revenue	101.3	-	92.9	-	8.4	9
EBITDA	(7.1)	(7.0)	(1.1)	(1.2)	(6.0)	(546)
EBIT	(10.3)	(10.2)	(5.5)	(5.9)	(4.8)	(87)
Net (Loss) after tax	(8.1)	(8.0)	(4.9)	(5.3)	(3.2)	(65)
(Loss) per share (basic)	(4.9)c		(3.5)c		(1.4)c	(40)

EBITDA stands for earnings before interest expense, tax depreciation and amortisation, and before goodwill impairment charges.

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

Review of Operations

Trading conditions for Nomad were difficult in the 6 months ended 31 December 2010.

Nomad is a company in transformation. During the past 6 months, the management under Michael Bourke's leadership, has focussed on:

- stabilising the operations;
- delivering the Gorgon buildings on schedule;
- rationalising overheads and strengthening business processes to address the previously identified weaknesses in the Company's systems and management; and
- further work on Company turn-around projects.

Nomad also refreshed the composition of its Board in recent months with the appointment of two new non-executive directors and strengthened its financial position by raising \$13.2 million in new equity, net of all issue costs, in November and December 2010.

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Directors' Report Cont'd...

The Residential Trust Systems (RTS) business operated in a very competitive environment and was unable to deliver the expected benefits. Given Nomad's focus on the re-building of its main businesses and improving Company profit margins, a decision was made to shut down the RTS business on the basis that it was unlikely to achieve acceptable profit margins or deliver company-wide cost savings justifying the required management input.

Cash flow from operations was positive at \$0.2 million for the period.

Net borrowings reduced by \$14.3 million in the six months to \$3.7 million, giving a net debt to equity ratio of 7.4% at 31 December 2010. Total borrowings at 31 December 2010 were \$20.0 million, a reduction of \$6.8 million compared with the position at 30 June 2010.

As a consequence of the reported losses, Nomad has breached the earnings and interest cover covenants within its banking facilities. The Company is currently in constructive discussions with its bank about revising the parameters under which Nomad's banking facilities will operate in the future. The bank is aware of the likely timeframe needed to complete the Company's turn-around and deliver improved financial performance. Nomad's bank facilities are due for renewal on 29 July 2011. Given the July renew date, all borrowings have been disclosed in the financial report as being "current".

No interim dividend has been declared in respect of the six months ending 31 December 2010. Directors intend to recommence paying dividends as soon as circumstances allow.

Outlook

Nomad operates in a sector that is forecast to benefit from a major sustained period of growth in remote and regional construction activity levels over the next few years. Despite the recent poor financial performance, the Company is focused on the turn-around. This work will continue through the second half of the 2010/2011 financial year and the Company expects to see the benefits from this reflected in the 2011/2012 financial year results.

Having successfully completed the Gorgon buildings, Nomad Modular is positioned as a manufacturer of more complex central facilities as well as traditional accommodation for projects in remote areas in both Western Australia and Queensland. Recent management changes have strengthened the design, manufacturing and project management capabilities of this business.

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 7.

Rounding of Amounts

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

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

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Directors' Report
cont'd

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Michael Bourke
Managing Director

Perth
28 February 2011

28th February 2011

Nomad Building Solutions Ltd
The Board of Directors
65 Burswood Road
BURSWOOD WA 6100

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 half-year ended 31 December 2010, 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 review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Nomad Building Solutions Limited and the entities it controlled during the period.



Chris Burton
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2010**

	Note	31 Dec 2010 \$'000	31 Dec 2009 \$'000 Restated
Revenue from continuing operations		101,377	92,900
Other income		1,022	316
Raw materials, consumables and contract labour		(92,742)	(74,660)
Employee benefits expense		(9,000)	(11,227)
Depreciation and amortisation expenses		(3,279)	(4,440)
Borrowing cost expense		(1,155)	(1,461)
Impairment of intangibles	8	(10,000)	-
Operating lease cost		(3,200)	(3,192)
Corporate and administration expenses		(2,134)	(2,361)
Other expenses		(2,392)	(2,847)
Profit/(loss) before income tax expense		(21,503)	(6,972)
Income tax benefit/(expense)		3,421	2,112
Net (loss) from continuing operations		(18,082)	(4,860)
(Loss) from discontinued operations net of income tax	3	(606)	(348)
Total comprehensive income for the half year		(18,688)	(5,208)
Net profit/(loss) and total comprehensive income attributable to members of Nomad Building Solutions Limited		(18,688)	(5,208)
Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company		Cents	Cents
Basic (loss) per share	10	(11.4)	(3.8)
Diluted (loss) per share	10	(11.4)	(3.8)
Continuing operations			
Basic (loss) per share	10	(11.1)	(3.5)
Diluted (loss) per share	10	(11.1)	(3.5)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Consolidated Statement of Financial Position
As at 31 December 2010**

	Note	31 December 2010 \$'000	30 June 2010 \$'000 Restated*	1 July 2009 \$'000 Restated*
ASSETS				
Cash and cash equivalents		16,313	8,845	19,161
Trade and other receivables		23,082	24,588	45,165
Current tax receivable		-	1,611	1,462
Inventories		8,716	20,741	13,722
Total current assets		48,111	55,785	79,510
Non-current assets				
Receivables		125	109	109
Property, plant and equipment	6	19,525	24,216	49,809
Investment property	7	5,604	5,966	6,084
Deferred tax assets		11,686	7,707	1,869
Intangible assets	8	21,416	31,416	81,857
Total non-current assets		58,356	69,414	139,728
Total assets		106,467	125,199	219,238
LIABILITIES				
Current liabilities				
Trade and other payables		21,460	34,021	44,271
Deferred income		4,757	3,555	6,265
Borrowings		19,995	26,842	34,525
Provisions		9,849	5,184	398
Total current liabilities		56,061	69,602	85,459
Non-current liabilities				
Borrowings		-	-	11,989
Deferred tax liabilities		233	296	65
Provisions		102	102	133
Total non-current liabilities		335	398	12,187
Total liabilities		56,396	70,000	97,646
Net assets		50,071	55,199	121,592
EQUITY				
Contributed equity	9	107,814	94,296	93,495
Reserves		72	30	201
(Accumulated losses)/retained profits		(57,815)	(39,127)	27,896
Total equity		50,071	55,199	121,592

* See Note 4 for details regarding the restatement as a result of an error.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2010**

	Note	Contributed Equity \$'000	Option Reserve \$'000	Accumulated Profits/ (Losses) \$'000	Total \$'000
Balance at 1 July 2009		93,495	201	28,926	22,622
Adjustment on correction of error (net of tax)	4			(1,030)	(1,030)
Restated total equity at the beginning of the financial year		93,495	201	27,896	121,592
Total comprehensive income for the half year		-	-	(5,208)	(5,208)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		801	-	-	801
Dividends provided for or paid		-	-	(3,431)	(3,431)
Employee share options		-	(167)	-	(167)
Balance as at 31 December 2009		94,296	34	19,257	113,587
Balance at 1 July 2010		94,296	30	(39,127)	55,199
Total comprehensive loss for the half year		-	-	(18,688)	(18,688)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		13,518	-	-	13,518
Dividends provided for or paid		-	-	-	-
Employee share options		-	42	-	42
Balance as at 31 December 2010		107,814	72	(57,815)	50,071

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Consolidated Statement of Cash Flows
For the half-year ended 31 December 2010**

	Note	Half-year	
		2010 \$'000	2009 \$'000
Cash flow from operating activities			
Receipts from customers (inclusive of GST)		130,307	132,958
Payments to suppliers and employees (inclusive of GST)		(130,526)	(126,238)
Cash generated from operations		(219)	6,720
Interest and other costs of finance paid		(1,155)	(1,659)
Income taxes (paid)		1,611	(1,468)
Net cash inflow/(outflow) from operating activities		237	3,593
Cash flow from investing activities			
Payments for property, plant and equipment		(819)	(2,375)
Proceeds from sale of property, plant and equipment		1,580	7,192
Payment for purchase of subsidiary net of cash acquired	11	-	(1,513)
Interest received		155	81
Net cash inflow/(outflow) from investing activities		916	3,385
Cash inflow from financing activities			
Proceeds from issue of shares net of issue costs		13,163	-
Net movement in secured borrowings		-	(14,733)
Repayment of hire purchase and lease liabilities		(6,848)	(7,270)
Dividends paid		-	(2,631)
Net cash inflow/(outflow) from financing activities		6,315	(24,634)
Net increase/(decrease) in cash and cash equivalents		7,468	(17,656)
Cash and cash equivalents at beginning of period		8,845	19,161
Cash and cash equivalents at the end of the half-year		16,313	1,505

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Notes to the financial statements
For the half-year ended 31 December 2010**

Note 1. Basis of preparation of half-year financial statements

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The financial statements have been prepared on the basis that the Group continues as a going concern. The directors consider this appropriate following the recent capital raising and the economic outlook for the markets in which it competes and the Group's previous profitable results.

The Company continues constructive discussions with its bank on framing appropriate compliance parameters which the Company is to operate under through to the conclusion of the current facilities on 29 July 2011. If the Group is unable to obtain the continued financial support of its bank or obtain alternative finance, it may cast uncertainty on the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in these financial statements.

These interim statements do not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Nomad Building Solutions Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Notes to the financial statements
For the half-year ended 31 December 2010**

Note 2. Segment information

(a) Description of business segments

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 three non-executive directors and one executive director.

The board considers the business from a product perspective and has identified 2 reporting segments. Transportables consist of all centralised manufacturing operations, including internal suppliers to the manufacturing operations. The Construction division consists of all operations where the majority of the work is in situ construction. 'Other' consists of an asset that is leased out. The Group operates in one geographical area, being Australia.

For the six months ended 31 December:

	Transportables \$'000	Construction \$'000	Other \$'000	Total \$'000
Half-year 2010				
External Sales	60,591	39,660	1,126	101,377
Intersegment sales	87	123	-	210
Segment EBITDA	(4,286)	(660)	1,029	(3,917)
Segment Assets (at 31 December 2010)	39,652	16,691	5,659	62,002
Half-year 2009				
External Sales	60,669	32,044	187	92,900
Intersegment sales	4,825	3,488	-	8,313
Segment EBITDA	7,453	(5,954)	169	1,668
Segment Assets (at 30 June 2010)	57,309	50,652	6,689	114,650

The board reviews segment performance based on EBITDA. The measure includes all revenues and costs directly attributable to the segment operation.

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Notes to the financial statements
For the half-year ended 31 December 2010**

Note. 2 cont...

A reconciliation of EBITDA to operating profit before income tax is provided as follows:

	Half-year	
	2010 \$'000	2009 \$'000
Total Segment EBITDA	(3,917)	1,668
Inter Segment eliminations	7	(91)
Revenue not attributable to operating segments	91	13
Depreciation and amortisation	(3,280)	(4,463)
Impairment of Intangible Asset	(10,000)	-
Finance costs	(1,155)	(1,461)
Consultants and legal expenses	(693)	(416)
Employee benefits expense	(1,439)	(1,268)
Other expenses	(1,117)	(954)
Operating Profit/(Loss) before income tax for continuing operations	(21,503)	(6,972)

Note 3. Discontinued operation

In December 2010 the operations of RTS Group Pty Ltd were discontinued and finalised on 31 January 2011. The entity was not a discontinued operation or classified as held for sale as at 30 June 2010 and the comparative income statement has been re-presented to show the discontinued operation separately to continuing operations.

	Half-year	
	2010 \$'000	2009 \$'000
Results of discontinued operation		
Revenue	4,727	2,149
Expenses	(5,795)	(2,649)
Profit/(loss) before income tax expense	(1,068)	(500)
Income tax benefit/(expense)	325	152
Net profit/(loss) for half-year	(743)	(348)
Gain on sale of assets	196	-
Income tax on gain on closure of discontinued operation	(59)	-
Profit/(loss) for half-year	(606)	(348)

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Notes to the financial statements
For the half-year ended 31 December 2010**

Note. 3 cont...

Results of discontinued operation	Half-year	
	2010 \$'000	2009 \$'000
Cash flows from (used in) discontinued operations		
Net cash used in operating activities	(1,101)	(956)
Net cash from investing activities	196	(1,288)
Net cash from financing activities	879	2,316
	<u>(26)</u>	<u>72</u>

Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 31 December 2010 were:

Trade and other receivables	1,727
Inventories	10
Total assets	<u>1,737</u>
Trade creditors	(923)
Provisions	(300)
Total liabilities	<u>(1,223)</u>
Net assets	<u>514</u>

Details of the closure of the division:

Consideration received or receivable	
Cash	196
Total consideration on closure	<u>196</u>
Carrying amount of net assets disposed of on closure	-
Gain on disposal before income tax	196
Income tax expense	(59)
Gain on disposal after income tax	<u>137</u>

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Notes to the financial statements
For the half-year ended 31 December 2010**

Note 4. Correction of error, revision of estimates and variation from preliminary report

Correction of error in accounting for project revenue

In December 2010, a subsidiary undertook a review of sales contracts as part of the normal course of closing out a project. As part of this review it was discovered that the progress claims to date against the project had been previously understated in 2009 for the purposes of calculating the Work In Progress balance, resulting in an over recognition of revenue of \$1,472,000.

The error has been corrected by restating each of the affected items in the Statement of Financial Position for the prior period below. There is no impact on the Statement of Financial Performance in the current or comparative financial period.

	30 June 2010	Increase/ (decrease)	30 June 2010 Restated	30 June 2009	Increase/ (decrease)	1 July 2009 Restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Inventories	22,213	(1,472)	20,741	15,194	(1,472)	13,722
Deferred tax assets	7,265	442	7,707	1,427	442	1,869
Net Assets	56,229	(1,030)	55,199	122,622	(1,030)	121,592
(Accumulated losses) / Retained profits	(38,097)	(1,030)	(39,127)	28,926	(1,030)	27,896
Total equity	56,229	(1,030)	55,199	122,622	(1,030)	121,592

The correction of the error had an impact in the 2009 financial year of reducing Nomad's profit per share by 0.3 cents per share on basic earnings per share.

Note 5. Dividends

	Half-year	
	2010 \$'000	2009 \$'000
Ordinary shares		
Dividends paid during the half-year	-	3,431

Dividends not recognised at the end of the half-year

No dividends have been declared since the end of the half year.

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Notes to the financial statements
For the half-year ended 31 December 2010**

Note 6. Non-current assets – property, plant & equipment

	Hire buildings \$'000	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Year ended 30 June 2010				
Opening net book amount	33,175	8,488	8,146	49,809
Additions	-	765	2,121	2,886
Acquisition of controlled entities	-	-	932	932
Disposals	(8,125)	(8,058)	(819)	(17,002)
Impairment of assets	-	-	(3,224)	(3,224)
Depreciation charge	(6,159)	(84)	(2,942)	(9,185)
Closing net book amount	18,891	1,111	4,214	24,216
At 30 June 2010				
Cost or fair value	34,109	1,355	9,026	44,490
Accumulated depreciation	(15,218)	(244)	(4,812)	(20,274)
Net book amount	18,891	1,111	4,214	24,216
Period ended 31 December 2010				
Opening net book amount	18,891	1,111	4,214	24,216
Additions	83	353	383	819
Disposals	(1,643)	(780)	(170)	(2,593)
Depreciation charge	(2,275)	(78)	(564)	(2,917)
Closing net book amount	15,056	606	3,863	19,525
At 31 December 2010				
Cost or fair value	30,279	1,245	9,163	40,687
Accumulated depreciation	(15,223)	(639)	(5,300)	(21,162)
Net book amount	15,056	606	3,863	19,525

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Notes to the financial statements
For the half-year ended 31 December 2010**

Note 7. Non-current assets – investment property

	Consolidated	
	31 December 2010 \$'000	30 June 2010 \$'000
Opening net book amount	5,966	6,084
Subsequent expenditures	-	351
Depreciation for the year	(362)	(469)
	<hr/>	<hr/>
Balance	5,604	5,966

Note 8. Non-current assets – intangible assets

	Note	Goodwill \$'000	Customer Contracts \$'000	Customer Relation- ships \$'000	Total \$'000
Year to 30 June 2010					
Opening net book amount at 1 July 2009		81,642	-	215	81,857
Acquisition costs associated to acquisition of subsidiary		363	173	-	536
Provision for impairment		(50,589)	-	(67)	(50,656)
Amortisation charge		-	(173)	(148)	(321)
Closing net book amount at 30 June 2010		<hr/>	<hr/>	<hr/>	<hr/>
		31,416	-	-	31,416
At 30 June 2010					
Cost or fair value		88,857	-	741	89,598
Accumulated amortisation and impairment		(57,441)	-	(741)	(58,182)
Net book amount at 30 June 2010		<hr/>	<hr/>	<hr/>	<hr/>
		31,416	-	-	31,416
Period 31 December 2010					
Opening net book amount at 1 July 2010		31,416	-	-	31,416
Provision for impairment		(10,000)	-	-	(10,000)
Amortisation charge		-	-	-	-
Closing net book amount at 31 December 2010		<hr/>	<hr/>	<hr/>	<hr/>
		21,416	-	-	21,416
At 31 December 2010					
Cost or fair value		88,857	-	-	88,857
Accumulated amortisation and impairment		(67,441)	-	-	(67,441)
Net book amount at 31 December 2010		<hr/>	<hr/>	<hr/>	<hr/>
		21,416	-	-	21,416

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Notes to the financial statements
For the half-year ended 31 December 2010**

Note. 8 cont...

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment.

A reportable segment-level summary of the goodwill allocation is presented below:

31 December 2010	\$'000
Transportables	16,416
Construction	5,000
	21,416
30 June 2010	\$'000
Transportables	16,416
Construction	15,000
	31,416

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 forecasts approved by directors for the next three years. The model then extrapolates the Year 4 forecast using an estimated growth rate of 3.0% per annum for years four and five (2010: 2.0% growth from years 2 to 5), with a final terminal value adopted. The recoverable amount is then compared with the carrying value of the assets of that unit. The forecast adopted at 31 December 2010 for the next 12 months is better than would be derived by applying twice the results for the current six month reporting period. However, directors are forecasting that the results for the next 12 months will be significantly improved on the past 6 months based on a number of factors including:

- i) the current financial period was a period of low activity in the Group's businesses while the internal turn-around projects were the focus, and included some abnormal losses on some contracts;
- ii) the Group's current order book and tender activity, as well as industry commentators forecasting for improved economic conditions, supports an improvement in profitability; and
- iii) recent management changes and turn-around projects have been implemented and are expected to improve profitability and cash flows.

Directors believe that the forecasts adopted are appropriate and reasonable.

Testing for impairment of goodwill is carried out on an annual basis, or more regularly if impairment indicators exist.

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Notes to the financial statements
For the half-year ended 31 December 2010**

Note. 8 cont...

(b) Key assumptions used for value-in-use calculations

Underperforming businesses are expected to return to a normal profit level through years one to three, before modest growth rates have been applied for years four to five. The directors consider these rates achievable given the low base of current operations and the forecast for strong activity in the Group's target markets. It is possible that revenue growth, market conditions and profitability could eventuate that are outside the forecasts adopted, the impact of which will continue to be monitored.

A discount rate of 20% is applied which represents an assessment of the Group's weighted average cost of capital.

(c) Impact of possible changes in key assumptions

The recoverable amount of the goodwill of each CGU exceeds the carrying amount of goodwill at 31 December 2010, after applying any relevant impairment charge. Within a relevant range of movement, for the remaining goodwill, a further prima facie impairment against goodwill would arise of \$213,000 for every 1% increase in the discount rate, \$43,000 for every 1% reduction in the growth rate, and \$304,000 for every 5% reduction in forecast EBITDA for each of the next five years (with each variable assessed in isolation). Management has considered all relevant factors in reaching the value in use for each CGU, and have applied an impairment amount it considers appropriate having regard to all relevant factors.

(d) Impairment charge

As a result of the above impairment testing process, an amount of \$10,000,000 (2009: nil) has been brought to account in the current period as an impairment charge against the Group's construction segment.

Note 9. Equity securities issued

	Half-year		Half-year	
	2010 Shares	2009 Shares	2010 \$'000	2009 \$'000
Issues of ordinary shares during the half-year				
Share Placement	20,420,486	834,070	2,451	801
Rights Issue	118,919,867	-	11,892	-
Less: Transaction costs arising on share issues	-	-	(1,179)	-
Income tax on transaction costs	-	-	354	-
Total movement	139,340,353	834,070	13,518	801
Total shares on issue	277,479,329	138,138,976	107,814	94,296

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Notes to the financial statements
For the half-year ended 31 December 2010**

Note 10. Earnings per share

	Half-year	
	2009 Cents	2009 Cents
Basic (loss) per share	(11.4)	(3.8)
Diluted (loss) per share	(11.4)	(3.8)
Continuing operations:		
Basic (loss) per share	(11.1)	(3.5)
Diluted (loss) per share	(11.1)	(3.5)
	Number	Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	163,410,073	137,613,149
Weighted average number of shares used as the denominator in calculating diluted earnings per share	163,410,073	137,613,149

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Notes to the financial statements
For the half-year ended 31 December 2010**

Note 11. Business combinations

Half-year ended 31 December 2009

During the previous corresponding half-year the Group acquired the steel framing, painting and concrete slab manufacturing assets and business of Residential Truss Systems Pty Ltd. Details of the acquisition are set out below.

RTS Group

(a) Summary of acquisition

On 1 October 2009 Nomad Transportables Pty Limited, a wholly owned subsidiary of Nomad Building Solutions Limited, acquired 100% of the steel framing, painting and concrete slab manufacturing assets and business of Residential Truss Systems Pty Ltd. Nomad Transportables Pty Ltd subsequently changed its name to RTS Group Pty Ltd. The acquisition was expected to secure supply and reduce costs of key manufacturing inputs to the Transportables segment.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

Purchase consideration (refer to (b) below):

	\$'000
Cash paid	1,487
Total purchase consideration	1,487
Fair value of net identifiable assets acquired (refer to (c) below)	(1,124)
Goodwill (refer to (c) below)	363

(b) Purchase consideration

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

Cash consideration	1,487
Outflow of cash	1,487

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Notes to the financial statements
For the half-year ended 31 December 2010**

Note. 11 cont...

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair Value \$'000
Customer Contracts	-	173
Property, plant and equipment	932	932
Deferred tax assets	-	34
Inventory	98	98
Employee entitlements	(113)	(113)
Net identifiable assets acquired	917	1,124

The goodwill is attributable to the systems and processes of RTS Group for cost effective production of their core products, and the expected savings expected to be achieved in the wider Nomad Building Solutions businesses.

Revenue and profit contribution

The acquired business contributed revenues of \$7,760,000 and net loss of \$1,544,000 to the Group for the period from acquisition to 30 June 2010, including customer contracts amortisation expense of \$173,000, \$87,000 of acquisition related costs and impairment of all property, plant and equipment of \$932,000. Short term results have been impacted by sales margin pressure, and increased unit costs from lower production levels. The business is a discontinued operation at 31 December 2010.

Cashflow information

	\$'000
Outflow of cash to acquire business, net of cash acquired:	
Cash Consideration	1,487
Acquisition related costs	87
Less cash balance acquired	-
Outflow of cash to acquire business	1,574

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

**Notes to the financial statements
For the half-year ended 31 December 2010**

Note 12. 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 \$1,000,000 (30 June 2010 \$6,000,000). A reduction has occurred in the period as a result of issues being settled or otherwise being provided for.

Contingent instruments

The Group had outstanding guarantees to the value of \$14,798,000 (30 June 2010: \$24,138,000). Bank guarantees are provided in certain contracts as a percentage of the contract sum. Generally, two bank guarantees, each for 2.5% to 5% 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.

A small number of guarantees have also been issued as bonds for leased premises.

There is no liability that should be recognised in relation to these guarantees. In the normal course of trading the guarantees are returned to the bank on meeting the required criteria.

Note 13. Events subsequent to balance date

No events have occurred after the balance date that are of a material nature.

Note 14. Rounding of amounts

The Company satisfies the requirements of Class Order 98/100 issued by the Australian Securities and Investments Commission relating to "rounding off" of amounts in the directors' report and the financial report to the nearest thousand dollars. Amounts have been rounded off in the directors' report and financial report in accordance with that Class Order.

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

DECLARATION BY DIRECTORS

31 DECEMBER 2010

In the directors' opinion:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian accounting standard AASB134:Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements ; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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:



Michael Bourke
Managing Director

Perth
28 February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NOMAD BUILDING SOLUTIONS LIMITED

REPORT ON THE HALF-YEAR FINANCIAL REPORT

We have reviewed the accompanying half-year financial report of Nomad Building Solutions Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Nomad Building Solutions Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 in the same terms if given to the directors as at the time of this auditor's report.



Conclusion


Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nomad Building Solutions Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that the Group's banking facilities are due for renewal in July 2011. If the Group is unable to obtain the continued financial support of its bank or obtain alternative finance, it may cast material uncertainty on the consolidated entity's ability to continue as a going concern. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which 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.

BDO Audit (WA) Pty Ltd

BDO Audit


Chris Burton
Director

Perth, Western Australia
Dated this 28th day of February 2011

**Supplementary Appendix 4D Information
For the half-year ended 31 December 2010**

ASSETS PER SHARE

	31 December 2010	30 June 2010	31 December 2009
	Cents	Cents	Cents
Net tangible asset backing per ordinary share	10.3	17.2	22.8
Net asset backing per ordinary share	18.0	39.9	82.2

DIVIDENDS

No dividend has been declared in respect of the current half year result.

Date the dividend is payable	N/A
Record date to determine entitlements to the dividend	N/A
Receipt of dividend reinvestment plan notices	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	N/A	Nil	Nil	Nil
	Previous Year	N/A	Nil	Nil	Nil
Interim dividend	Current year	N/A	Nil	Nil	Nil
	Previous year	N/A	Nil	Nil	Nil