

2010



NOMAD BUILDING SOLUTIONS LIMITED COMPANIES

SUMMARY OF GROUP ACTIVITIES

Nomad Building Solutions Limited is the parent company of a diversified group of construction, manufacturing and property development management businesses operating across Australia.

Halley Homes, Rapley Wilkinson, McGrath Homes and Nomad Modular Building specialise in remote and regional:

- Commercial and Residential Construction
- Civil and Infrastructure Works
- Refurbishments
- Project and Development Management
- Factory-Manufactured Housing, Camps and Villages



MISSION AND VISION

(Why we are here and what we want to achieve)

To deliver value to our shareholders by being a leading provider of integrated manufacturing, construction and property development solutions.

We strive to be the supplier of choice in our market sectors by ensuring that our product is the best quality available, our customer service is second to none and our people wholeheartedly embrace our values.

CORE VALUES

(What is important to us)

We believe in:

- Ensuring a safe and healthy work environment for all of our employees, contractors and visitors
- Providing an optimum return for our shareholders
- Carrying out our work in a professional, honest and responsible manner
- Delivering what we promise to all of our stakeholders
- Respecting our employees, contractors and suppliers, and treating them fairly
- Enjoying our work and being the best we can possibly be

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CHAIRMAN'S REPORT



Mr Richard Blair

The performance of Nomad Building Solutions Limited ('Company' or 'Nomad') in the 2010 financial year was very disappointing from both a Company and shareholder perspective.

The consolidated result for Nomad for the year ended 30 June 2010 (prior to impairment charges) was a net loss after tax of \$10.7 million. After allowing for the impairment charges (\$50.6 million after tax against goodwill and \$2.3 million after tax against plant and equipment) the result was a net loss after tax of \$63.6 million. This compares very unfavourably with a consolidated net profit for the year ended 30 June 2009 of \$20.1 million prior to the goodwill impairment charge and a net profit of \$13.2 million after allowing for goodwill impairment charge of \$6.9 million.

Trading conditions during the 2010 financial year were difficult as a result of the ongoing impact of the global financial crisis. Demand for many of the Company's products and services are very closely linked to resource sector activity levels, particularly in Western Australia and Queensland. Both States experienced a slow-down in the resource sector activity levels due to uncertainties associated with global financial conditions.

The Company also experienced delays in commencing work on major projects, in part due to the timing of customers' tendering processes. This is reflected in Nomad's 2010 revenue of \$223.2 million, a reduction of 46% compared with the record level of revenue of \$415.3 million achieved in the 2009 financial year.

Whilst external factors had a significant negative impact on the Company's operations during 2010, the poor execution of a number of contracts in Nomad's modular building business and lower overall margins was a major contributor to the result.

The Company has identified the major deficiencies in its management, contracting, project management and project delivery processes and has implemented a number of management changes and turn-around projects ('TAPs') to address these deficiencies. Progress on the TAPs is covered in the Managing Director's report.

Despite the reported net loss and write downs, cash flow from operations remained positive and the Company was able to reduce its net debt by \$9 million over the course of the 2010 financial year. As at 30 June 2010, net debt was \$18 million and the net debt to equity ratio was 32%, after the reduction in equity due to the \$63.6 million net loss after tax for 2010.

The Company's bank, Westpac, is fully appraised of Nomad's trading position and continues to be supportive. Westpac is working with the Company to execute documentation to extend its banking facilities to July 2011. In addition, the Board has commissioned an independent review of the Company's funding, options and prospects by business consultants KPMG. This review is assisting the Board in its deliberations on future capital requirements and planning for growth opportunities.

As a result of the Company's unsatisfactory financial performance, the Board has not declared a dividend for the 2010 financial year and the dividend reinvestment plan is suspended until further notice. It is the intention of the Board to return to a dividend payout ratio of around 50% when it is considered prudent to do so.

The composition of the Company's Board of Directors changed in mid-January 2010 with the resignation of Mr Wayne McGrath as an Executive Director and the resignation of Mr Alan Thomas as Managing Director. At the same time Mr Thomas became the Executive Director responsible for the Rapley Wilkinson division and I was appointed as acting Chief Executive and Executive Chairman, whilst the Company undertook to recruit and appoint a new Managing Director.



In July 2010, the Company announced the appointment of Mr Michael Bourke as Managing Director and I reverted to the position of Non-executive Chairman of Nomad. In late August 2010, Mr Thomas stepped down from the Board and resigned from the Company.

After an extensive executive search, the Company was fortunate to obtain the services of Mr Bourke who is not only extremely well qualified for the position, but also has extensive experience in managing and delivering large scale infrastructure projects in remote areas through out Australia and internationally. In addition, he has also led several cost reduction and margin improvement projects for international mining companies such as Western Mining Corporation and Iluka Resources Limited.

The Board has also been in discussions with potential Non-executive Directors as part of its strategy to strengthen the Board.

I would like to take this opportunity to thank my fellow Directors and all of the Company's employees for their efforts during 2010 in very challenging circumstances.

With regards to the outlook, the Board believes that infrastructure and accommodation requirements in the regional areas of Australia will continue to underpin demand for factory manufactured modular buildings and traditional construction works.

Both Western Australia and Queensland are experiencing unprecedented levels of committed and planned private investment in the mining and petroleum sectors. In addition, State and Commonwealth Governments have made significant financial commitments to regional housing and infrastructure projects in the north-west of Western Australia, the Northern Territory and regional Queensland.

Whilst competition is anticipated from imported products for some of the resource sector's requirements such as modular project camp accommodation, the Company is well placed to respond to this challenge.

It has the advantage of already having established manufacturing capabilities in the two main growth states of Western Australia and Queensland. The improvements being made to the Company's management, together with improved contracting, project management and project delivery processes will also greatly assist in restoring the Company's profitability.

As a consequence, the Company expects to continue to deliver innovative and high-quality products to meet customer requirements well into the future and maintain its share of a growing market in Australia and in particular the Western Australia and Queensland markets.

Richard Blair
Chairman
30 September 2010

MANAGING DIRECTOR'S REPORT



Mr Michael Bourke

As foreshadowed in the Chairman's report, the Company's performance in the 2010 financial year was very disappointing.

Uncertainties associated with global financial conditions delayed the commencement of several key resources development

and infrastructure projects in Western Australia and Queensland. This was reflected in the Company's revenue which was 46% lower at \$223.2 million, compared with revenue of \$415.3 million in the previous corresponding financial year.

The poor execution of a number of contracts (awarded in the previous financial year) and lower overall margins also impacted on the Company's financial performance. Most of the difficulties experienced related to poor management and deficiencies in systems and management practices, which contributed to higher than expected costs during both the installation phase of resources project accommodation contracts and the manufacture of components at the Company's production facilities.

The downward pressure on margins during the year was mainly the result of the commercial conditions associated with the global financial crisis and the inadequacy of systems and management practices in key areas of the Company's operations.

The result was a net loss after tax of \$10.7 million (prior to impairment charges against goodwill and plant and equipment), compared with a consolidated net profit for the year ended 30 June 2009 of \$20.1 million (prior to a goodwill impairment charge).

The Company's operating results, balance sheet and cash flow over the past four years, is summarised in the adjacent tables.

OPERATING RESULTS

	Year ended 30 June			
	2010	2009	2008	2007
Revenue				
\$'000	223,155	415,297	336,242	208,949
(Loss) / Profitability (before impairment expense):				
EBITDA	(2,619)	41,680	45,104	29,365
EBIT	(12,125)	31,560	38,593	26,016
(Loss) / Profit before tax	(15,135)	28,224	35,803	23,815
Net (loss) / profit after tax	(10,661)	20,139	24,560	16,612
% of revenue				
EBITDA	(1.2)%	10.0%	13.4%	14.0%
EBIT	(5.4)%	7.6%	11.5%	12.4%
(Loss) / Profit before tax	(6.8)%	6.8%	10.6%	11.4%
Net (loss) / profit after tax	(4.8)%	4.8%	7.3%	7.9%
Basic earnings per share before impairment (cents)	(7.7)	14.8	19.7	15.9
Interest cover (times)	Nil	9.5	13.8	11.8
Dividends per share (cents)	Nil	4.5	9.5	7.5



The FY2010 figures exclude an impairment of goodwill charge of \$50.6m (before and after tax), and impairment of property, plant and equipment, trade receivable and customer relations of \$3.3m (\$2.3m after tax) booked against statutory profit and loss in FY2010. The impairment of goodwill in FY2009 of \$6.9 million has also been excluded. The impairment expense is seen as nonrecurring charges reflecting the current difficult trading conditions confronting the Company.

BALANCE SHEET

\$'000	As at 30 June			
	2010	2009	2008	2007
Cash	8,845	19,161	22,188	13,890
Other current assets	48,412	57,621	81,232	45,111
Property, plant & equipment	24,216	49,809	40,474	22,251
Investment property	5,966	6,084	-	-
Intangible assets	31,416	81,857	89,588	42,734
Other non-current assets	7,374	1,536	1,975	1,618
Total Assets	126,229	216,068	235,457	125,604
Trade payables & other liabilities	42,862	46,867	73,852	35,375
Tax liabilities	296	65	4,191	2,595
Borrowings	26,842	46,514	38,327	28,729
Total Liabilities	70,000	93,446	116,370	66,699
NET ASSETS (= EQUITY)	56,229	122,622	119,087	58,905
Net debt	17,997	27,353	16,139	14,839
Net debt / Equity	32.0%	22.3%	13.6%	25.2%
Net debt / (Net debt + Equity)	24.2%	18.2%	11.9%	20.1%
Net assets per share (cents)	40.7	89.3	88.0	50.6
Net tangible assets per share (cents)	18.0	29.6	21.8	13.9
Number of shares on issue ('000)	138,139	137,305	135,274	116,466

A reduction in the volume of work at June 2010 compared with June 2009 has seen a reduction in trade receivables and trade payables. Intangible assets have reduced during FY2010 largely due to the \$50.6m impairment of goodwill charge made at 30 June 2010.

MANAGING DIRECTOR'S REPORT

continued

CASH FLOW

\$'000	Year ended 30 June			
	2010	2009	2008	2007
Cash flow from operating activities	9,100	29,864	32,522	24,759
Investing activities				
Payments for property, plant and equipment	(2,886)	(22,404)	(22,242)	(20,102)
Payments for investment property	(351)	(6,084)	-	-
Acquisition of subsidiaries	(1,574)	(4,212)	(30,407)	(8,074)
Proceeds from sale of P,P&E / Other	7,697	403	691	368
Total investing activities	2,886	(32,297)	(51,958)	(27,808)
Financing activities				
Proceeds from issue of shares (net)	-	(6)	25,724	20,293
Proceeds from borrowings	9,000	32,679	17,602	27,322
Repayment of borrowings	(28,671)	(24,493)	(8,004)	(23,627)
Cash dividends paid	(2,631)	(8,774)	(7,588)	(9,598)
Total financing activities	(22,302)	(594)	27,734	14,390
Net cash flow for the year	(10,316)	(3,027)	8,298	11,341

The cash payments for acquisitions in FY2010 relates to the acquisition of the business and assets of RTS Group.

OPERATIONAL OVERVIEW

The Company's operations continue to be based on the manufacture of transportable modular buildings by Nomad Modular Building, McGrath Homes and Halley Homes and a range of traditional development, construction and property management activities undertaken by Rapley Wilkinson.

Providing a safe and healthy work environment for all of the Company's employees, contractors and visitors remains one of the Group's core values. This will continue to be an area of considerable management focus going forward, particularly with respect to the standardisation of systems and improvement practices through out the Company.

Nomad Modular Building has manufacturing operations in Western Australia and Queensland

and continues to provide modular buildings for the resources and construction industries and Commonwealth, State and Local Government agencies. The business is one of the largest providers of accommodation camps and villages for Australia's resources sector.

A highlight in the 2010 financial year was the award of a \$46 million contract by the Thiess Decmil Kentz Joint Venture in July 2009, to manufacture and supply central facilities buildings for Chevron's Gorgon liquefied natural gas project on Barrow Island.

The contract includes kitchens and dining rooms to cater for up to 3,000 people, a communications building, 2 wet messes and 14 other associated administration and recreational facilities.



The project complexity is high for modular construction buildings. This factor coupled with the various compliance requirements for the Barrow Island site presented the business with a number of challenges and difficulties which adversely impacted on productivity during the first phase of design and construction. The project team has since responded well to these challenges and productivity has improved markedly with the project expected to be completed towards the end of 2010. The experience gained from this project is invaluable and is further building the Company's modular solutions capability.

McGrath Homes is based in Perth and builds high-quality, competitively priced concrete floor transportable houses. The business is structured into 2 divisions, a commercial projects division which provides multiple houses, park homes and cabins under contracts with resources companies, Government agencies and tourist park operators and a private housing division, which supplies houses to individual customers.

A highlight in the 2010 financial year was the completion of a \$30 million contract (awarded in the 2009 financial year) with Woodside Energy Limited for 29 villas and 16 houses located in Karratha to service the accommodation requirements of the Pluto liquefied natural gas project.

Halley Homes is based in Brisbane and is a leading manufacturer of transportable housing in Queensland. The business supplies houses to individual customers, undertakes commercial projects including offices and schools as well as providing multiple houses, park homes and cabins under contracts with resources companies, Government agencies and tourist park operators.

Mr Brett McDonald was appointed Chief Executive Officer of the Company's Eastern States operations in January 2010. This appointment is central to the strategy to grow the Halley Homes and Nomad Modular Building businesses in Queensland and New South Wales. In addition, approximately \$28 million of new contracts were awarded to the two businesses in late March 2010. The contracts include accommodation units, modular housing, rental sales, specialty commercial buildings and education facilities.

The balance of the Company's activities in Western Australia is undertaken by Rapley Wilkinson. This includes in-situ building construction contracts ranging from multi million dollar resorts and villages to private homes, building refurbishments and maintenance in regional areas, civil and infrastructure construction including the installation of transportable buildings and project and development management for accommodation, commercial, industrial and retail facilities.

Highlights in the 2010 financial year, include the award of \$51 million of contracts in August 2009, for the construction of an \$18 million primary school in Karratha, \$26 million of new work and renovations for resources companies and Government agencies, as well as \$7 million of work for private clients. In addition, Rapley Wilkinson was awarded contracts worth a further \$43 million in September 2009, including a \$27.3 million contract to undertake the Building Education Revolution Project's construction program at various primary schools in north-west Western Australia. The balance of the contracts includes renovations and new work for Government agencies valued at \$9.7 million and \$6.3 million of private client work. All of the projects are located in north-west Western Australia.

TURN-AROUND PROJECTS

Good progress has been made on management changes and most aspects of the turn-around projects, which are focused on reviewing and improving Company-wide processes such as procurement, internal controls and management systems as well as overall competitiveness. This work is delivering the expected results in most areas of the businesses and it will continue to be the priority throughout the 2011 financial year.

The Company has also rationalised its manufacturing operations. In Perth, McGrath Homes has been reduced from 3 sites to 2 and Nomad Modular from 3 sites to 1, which will streamline and consolidate the operations of both businesses. A new factory at Wacol in outer Brisbane has enabled the co-location of product manufacture for both Nomad Modular and Halley Homes, which will reduce overheads and improve operational efficiencies.

MANAGING DIRECTOR'S REPORT

continued

Unfortunately, one key element of the turn-around projects, the Enterprise Resource Planning (ERP) computer system which was implemented into the Modular Building division during the year, has failed to deliver the expected benefits. The ERP system is not yet fully operational and therefore can not be rolled out to the other business units at this stage. The Company is currently reviewing its options with respect to promised update from supplier Epicor. The update is required to enable the system to deliver improved information and cost control measures, as originally planned.

OUTLOOK

Demand for accommodation and infrastructure in regional Australia and particularly in regional Western Australia and Queensland, is expected to increase significantly over the next few years.

The anticipated growth in demand is mainly in response to the level of committed and planned investment in new resources development projects and the expansion of existing projects. Various State Governments and the Commonwealth Government have also committed to significant housing programs, school development initiatives and infrastructure projects to support resources development activities and to address the needs of regional Australia.

In addition to work already underway from previous contract awards, the Company is seeing the benefits from new private and Government investment in the 2011 financial year. McGrath Homes recently secured a \$17.8 million contract with BHP Billiton Iron Ore to supply 37 new houses for their Newman operations as well as a \$4 million contract to construct 14 houses for a private developer in Port Hedland. Rapley Wilkinson has secured an \$11 million contract with the Western Australian Department of Housing and Works to construct 30 new homes in the East Kimberley town of Kununurra.

Whilst construction of infrastructure and accommodation projects in regional and remote areas of Australia often involves significant challenges and is becoming increasingly competitive, this type of activity will continue to underpin the demand for all of the Company's products and services and in particular factory manufactured modular buildings.

The Company is well placed in terms of its existing market position, product suite and key manufacturing locations. The recent changes made to management together with the benefits from the turn-around projects and other initiatives, will help to improve the overall competitiveness and profitability of the businesses.

The prime focus over the coming year will be to maintain the Company's share of a growing market for its products and services, by supplying high-quality and innovative products to meet customer requirements in a safe, timely and profitable manner.



Michael Bourke
Managing Director
30 September 2010

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 2010.

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:

Richard Lennox Blair – Non-executive Chairman until 12 January 2010 when he was appointed Executive Chairman and Acting Managing Director until 19 July 2010, from which date he reverted to the role of Non-executive Chairman.

Peter John Slaughter – Non-executive Director.

Peter Graham Abery – Non-executive Director.

Alan John Thomas was the Managing Director until 12 January 2010 when he resigned from the position. He stood down from the Board on 25 August 2010 and resigned from the Company effective 3 September 2010.

Wayne James McGrath was Executive Director until his resignation as director on 12 January 2010.

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

PRINCIPAL ACTIVITIES

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

- continuing the manufacture of modular transportable buildings, project management and installation; and
- construction and property development management.

DIVIDENDS – NOMAD BUILDING SOLUTIONS LIMITED

Dividends paid to members during the financial year were as follows:

	2010 \$'000	2009 \$'000
Final ordinary dividend for the year ended 30 June 2009 of 2.5 cents (2008: 5.5 cents) per fully paid share paid on 23 October 2009.	3,432	7,440
Interim ordinary dividend for the year ended 30 June 2010 of NIL cents (2009 – 2.0 cents) per fully paid share.	-	2,716
	3,432	10,156

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

REVIEW OF OPERATIONS

The Group reported a net loss after tax before all impairment losses of \$10.7m for the year ended 30 June 2010 (FY2010). This is down 153% compared with the previous year's net profit before impairment losses of \$20.1m. The net loss before impairment of goodwill but after impairment of operating assets was \$13m.

After allowing for all impairment charges after tax booked at 30 June 2010 of \$52.9m, the statutory net loss after tax for FY2010 was \$63.6m.

Key Points

- Revenue decreased by 46.3% to \$223m.
- Earnings Per Share (EPS), before impairment losses, reduced by 152% to negative 7.7 cents.
- No dividend has been declared in relation to FY2010 earnings, compared with 4.5 cps for FY2009.
- Impairment charges against assets totalled \$53.8m, with \$50.6m relating to goodwill and \$3.2m relating to operating assets.

DIRECTORS' REPORT continued

Summary of results (before impairment charges against goodwill and operating assets):

	FY	FY	Change from FY09	
	2010	2009	\$m	%
Revenue (\$m)	223.2	415.3	↓ 192.1	(46)
EBITDA (\$m)	(2.6)	41.7	↓ 44.3	(106)
EBIT (\$m)	(12.1)	31.6	↓ 43.7	(138)
NPAT (\$m)	(10.7)	20.1	↓ 30.8	(153)
EPS - basic (cents)	(7.7)	14.8	↓ 22.5 c	(152)

It was a difficult environment for the Group over the past financial year. The operating environment remains highly competitive following the global financial crisis, resulting in lower tender margins, and lower volumes of work across the group. Secondly, the previously reported issues resulting from historical contracts continued to negatively impact results in FY2010.

The Group generated net cash flows from operating activities of \$9.0m during the year.

Group net borrowings were \$18.0m and shareholders' equity \$56.2m at 30 June 2010. This results in the Group's net debt to equity ratio being 32% at 30 June 2010.

Due to the Group's performance, no dividends have been declared in relation to these results.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

	2010 \$'000
Issue of 834,070 fully paid ordinary shares @ \$0.96 under the Dividend Reinvestment Plan	801
Net increase in contributed equity	801

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 19 July 2010, the Board appointed Michael Bourke as Managing Director of Nomad Building Solutions Limited. Effective from this date, Richard Blair ceased as Executive Chairman and returned to his role as Non-executive Chairman.

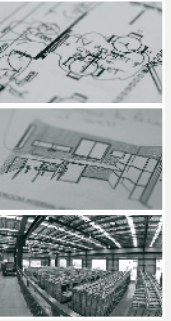
No other matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- 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 systems and procedures to facilitate the adoption and maintenance of sound environmental management and operating practices and 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.

National Greenhouse and Energy Reporting Act (NGER)

The Group has reviewed the requirements of the NGER, and believes that it is not required to register under the Act.

The Group will continue to monitor legislative developments and energy usage to ensure it complies with the requirements of the Act.

Carbon Pollution Reduction Scheme (CPRS)

The Group has reviewed the requirements of the CPRS, and believes that it falls outside the application of the legislation.

The Group will continue to monitor legislative developments and carbon emissions to ensure it complies with the requirements of the legislation.



DIRECTORS' REPORT continued

INFORMATION ON DIRECTORS



Mr Richard Blair
Independent Chairman
Non-executive Director
Age 63

Experience and expertise

Mr Richard Blair has held senior finance and accounting roles in public companies associated with the resource sector for over 25

years including Executive General Manager Finance of Pasminco Limited from 1988 to 1995, Chief Financial Officer of Eltin Limited from 1997 to 1999 and Chief Financial Officer of Macmahon Holdings Limited from 2000 to 2006. He is a Certified Practising Accountant and Fellow of the Australian Institute of Company Directors. Mr Blair was appointed as a Non-executive Director of the Company in March 2006.

On 12 January 2010 he was appointed Executive Chairman and Acting Managing Director and continued in this role until 19 July 2010 when he returned to the role of Non-executive Chairman.

Other current directorships (of listed entities)

None

Former directorships in the last 3 years

None

Interest in shares

Mr Blair has an interest in 227,584 shares in the Company.

Special responsibilities

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



Mr Peter Slaughter
Independent
Non-executive Director
Age 66

Experience and expertise

Mr Peter Slaughter is an engineer with over 40 years experience in the Australian and international resource and related manufacturing sectors.

He has held a range of senior management and director level positions domestically and overseas. Since 1995 Mr Slaughter has undertaken advisory work and held a number of non-executive director roles. Mr Slaughter was a Non-executive Director and Chairman of Child Care Centres Australia until he resigned in December 2004 following a merger with ABC Learning Centres. He was President and Chairman of the Australian Institute of Management (Qld & NT) from 2002 to 2004 and is a Fellow and Honorary Life Member. Mr Slaughter is currently a Non-executive Director of India Gold Limited, an unlisted public company.

Other current directorships (of listed entities)

Mastermyne Group Limited

Former directorships in the last 3 years

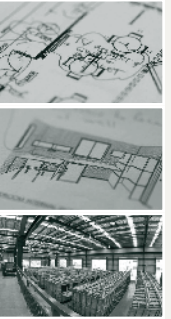
- Sunshine Gas
- Monto Minerals Limited

Interest in shares

Mr Slaughter has an interest in 160,877 shares in the Company.

Special responsibilities

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



Mr Peter Abery

Independent
Non-executive Director
Age 62

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 the Chartered Management Institute and a graduate of the Harvard Business School's International Senior Managers Program. Mr Abery has experience in 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, and held senior management positions in Telstra.

Mr Abery was appointed a Non-executive Director of the Company in July 2008.

Other current directorships (of listed entities)

- Norfolk Group Limited (until 4 August 2010)
- pieNetworks Limited

Former directorships in the last 3 years

None

Interest in shares

Nil

Special responsibilities

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



Mr Michael Bourke

Managing Director
Age 47

Experience and expertise

Mr Bourke has 25 years experience managing regional projects and assets across Australia and Canada, holding

senior positions in WMC Nickel, Iluka, Emeco and most recently undertaking a study proposal for Rio Tinto Alcan around cogeneration capability options, gas supply and electricity marketing. Mr Bourke previously held the position of Industry Director Mining with AECOM, a leading global engineering and project delivery company, where he played a pivotal role in winning Mine Infrastructure Asset projects both in Australia and internationally. Mr Bourke has also held the position of President for Emeco Canada where he developed a mining fleet rental business operating in remote Western Canada.

Other current directorships (of listed entities)

None

Former directorships in the last 3 years

None

Interest in shares

Nil

Special responsibilities

- Managing Director

DIRECTORS' REPORT continued

COMPANY SECRETARY

The Group has two company secretaries.

Mr Paul Depiazzi

Mr Depiazzi has 25 years experience in accounting and finance and secretarial roles within both public practice and the corporate office of major companies listed on the ASX.

Mr Depiazzi has previously been the Chief Financial Officer of Integrated Tree Cropping Ltd, Finance Director and Company Secretary of Bristile Ltd, and the Company Secretary and a senior accounting and finance executive of Futuris Corporation Limited. He is a qualified Chartered Accountant and a Fellow of the Australian Institute of Company Directors.

Mr Depiazzi was appointed as Chief Financial Officer and Company Secretary of Nomad Building Solutions Limited in April 2009.

Mr Paul Robinson

Mr Robinson has over 17 years experience 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.

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 2010, 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
R L Blair	23	23	6	6	3	3
P J Slaughter	23	23	5	6	3	3
P G Abery	21	23	6	6	3	3
A J Thomas	20	23	*	*	*	*
W J McGrath	9	10	*	*	*	*

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 Alan Thomas ceased acting as Managing Director on 12 January 2010 and resigned from the board on 25 August 2010. Mr Richard Blair was appointed Executive Chairman and Acting Manager Director from 12 January 2010 to 19 July 2010. Mr Michael Bourke was appointed Managing Director on 19 July 2010. Mr Wayne McGrath ceased being a Director on 12 January 2010.



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 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.

DIRECTORS' REPORT continued

CORPORATE GOVERNANCE STATEMENT continued

The appointment of Mr Rick Blair as Executive Chairman and Acting Managing Director on 12 January 2010 resulted in the Chairman fulfilling an executive role for a period of approximately six months while a new Managing Director was recruited. This position ceased on 19 July 2010 with the appointment of Mr Michael Bourke as Managing Director with Mr Rick Blair resuming his position as Non-executive Chairman of the Board.

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 Paul Depiazzi attends board meetings in the capacity of both Chief Financial Officer and Company Secretary.

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 divestment;
- 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 and/or removal and contributing to the performance assessment for the members of the senior management team including the Group's Chief Executive Officers and the Chief Financial Officer;
- 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 three non-executive directors and one executive director. The non-executive directors are deemed independent at the date of signing the Directors' Report under the principles set out below, providing the Board with a majority of independent directors in accordance with the ASX Corporate Governance Council's best practice recommendations.



CORPORATE GOVERNANCE STATEMENT continued

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;
- 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.

DIRECTORS' REPORT continued

CORPORATE GOVERNANCE STATEMENT continued

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. Following the resignation of Mr A Thomas as Managing Director, Mr R Blair was appointed Acting Managing Director, while retaining the position of Chairman, until a new Managing Director was appointed. Mr M Bourke was appointed Managing Director on 19 July 2010, at which time Mr Blair ceased acting as Managing Director and reverted to a non-executive role as Chairman.

Commitment

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2010, and the number of meetings attended by each director, is disclosed on page 14.

It is the Company's practice to allow its executive directors to accept appointments outside the Company with prior approval of the Board. No appointments of this nature were accepted during the year ended 30 June 2010.

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

Entities connected with Mr W J McGrath and Mr A J Thomas had business dealings with the Group during the year, as described in note 25 to the financial statements. The agreements relating to the business dealings, other than property leases, were negotiated and executed prior to Mr McGrath and Mr Thomas being appointed to the Board. A property lease was renewed with Mr McGrath during the year on substantially the same terms as the original agreement with rates updated to reflect current market conditions.

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.

Performance Assessment

The Board undertakes an annual review of its collective performance, the performance of the Chairman and of its committees.



CORPORATE GOVERNANCE STATEMENT continued

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. 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 J Slaughter (Chairman)

P G Abery

R L Blair

Details of the qualifications and attendance at Nomination and Remuneration Committee meetings are set out in the Directors' Report on pages 12 to 14. All members of the Committee are deemed independent directors in accordance with principles detailed on pages 17 to 19. Mr Blair stood aside as a member of the Nomination and Remuneration Committee during his term as Executive Chairman.

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".

DIRECTORS' REPORT continued

CORPORATE GOVERNANCE STATEMENT continued

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.

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:

P G Abery (Chairman)

R L Blair

P J Slaughter

Details of these directors' qualifications and attendance at Audit and Risk Management Committee meetings are set out in the Directors' Report on pages 12 to 14. All members of the Committee are deemed independent directors in accordance with principles detailed on pages 17 to 19. Mr Blair stood aside as a member of the Audit and Risk Committee during his term as Executive Chairman.

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.



CORPORATE GOVERNANCE STATEMENT continued

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.

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, a new audit engagement partner will be introduced for the year ended 30 June 2011.

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.

DIRECTORS' REPORT continued

CORPORATE GOVERNANCE STATEMENT continued

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; and
- compliance with the code.

TRADING IN COMPANY SECURITIES

The Company has a securities trading policy for directors and senior executives. The policy requires directors and senior 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 senior executive of the Company may only trade in Company securities at the following times:

- six weeks following the release of the half year financial results to the ASX;
- six weeks following the release of the Company's preliminary full year financial results;
- six weeks following the Annual General Meeting of the Company;
- at any time the Company has an offer under a prospectus open; or



CORPORATE GOVERNANCE STATEMENT continued

- at any other time the Board declares trading permissible in a written note to all directors and senior 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 Australian Securities Exchange (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.

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 wealth;
- 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 senior executives 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 an 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.



REMUNERATION REPORT continued

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 current remuneration.

Directors' fees

The current base remuneration, of \$68,000 including superannuation, was reviewed with effect from 1 June 2008 using data sourced from an external consulting group. The Chairman's remuneration is inclusive of committee fees while other non-executive directors who chair a committee receive additional yearly fees. Non-executive directors who serve on more than two committees may also receive additional fees, if they are not a committee chair.

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. 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 directors. 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 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 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 or the ASX listing rules.

DIRECTORS' REPORT continued

REMUNERATION REPORT continued

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 option plan.

The combination of these comprises the executive's total remuneration.

Base pay

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. External remuneration consultants provided analysis and advice to ensure base pay is set to reflect the market for a comparable role. 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. The Nomination and Remuneration Committee received independent assessment of the senior executive remuneration packages in February 2009 and used this information to formulate its executive remuneration policy which it recommended to the Board as a base for remuneration reviews in July 2009.

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.



REMUNERATION REPORT continued

Short-term incentives

Executives are entitled to short-term cash incentive (bonus) payments based on percentages of base salary. Bonus payments are determined by measuring performance against criteria including the overall Group and individual Divisions achieving prescribed financial 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 control the Group's performance. Cash incentives are determined based on financial years and are payable in two 6-monthly instalments - on or about 30 September and 31 March of the following financial year.

Long-term incentives

Long-term incentives are available to executives via a Nomad Building Solutions long-term incentive option 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 12 to 13 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:

- P O Depiazzi Chief Financial Officer & Company Secretary, Nomad Building Solutions Ltd
- B R McDonald Chief Executive Officer, Nomad Eastern States Ltd (From 1 March 2010)
- P A Robinson Company Secretary, Nomad Building Solutions Ltd (From 4 June 2010)

The following executive officers, who reported directly to the Managing Director and who had authority and responsibility for planning, directing and controlling the activities of the Group resigned from their positions during the financial year:

- D W Staunton Chief Executive Officer, Rapley Wilkinson Pty Ltd (Until 11 January 2010)
- M P Lilly Company Secretary & Legal Counsel, Nomad Building Solutions Ltd (Until 4 June 2010)
- B D Praetz Chief Executive Officer, Nomad Modular Building Pty Ltd (Until 30 June 2010)

DIRECTORS' REPORT continued

REMUNERATION REPORT continued

The following table provides the details of all directors of the Company and the key employees of the Group with authority and the nature and amount of the elements of their remuneration for the year ended 30 June 2010:

2010	Short-term benefits			Non-monetary benefits	Post-employment benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Other		Superannuation	Options	
	\$	\$	\$	\$	\$	\$	\$
Non-executive directors							
R L Blair (up to 11 January 2010)	62,946	-	-	-	5,665	-	68,611
P G Abery	68,807	-	45,762	-	10,311	-	124,880
P J Slaughter	65,596	-	-	-	5,904	-	71,500
Sub-total Non-executive directors	197,349	-	45,762	-	21,880	-	264,991
Executive directors							
R L Blair (from 12 January 2010)	220,451	-	-	-	19,782	-	240,233
A J Thomas	303,168	-	-	56,414	27,282	7,344	394,208
Former							
W J McGrath (until 14 May 2010)	336,004	-	20,830	5,324	29,167	-	391,325



REMUNERATION REPORT continued

2010	Short-term benefits				Post-employment benefits	Share-based payments	Total
	Cash salary and fees \$	Cash bonus \$	Other \$	Non-monetary benefits \$	Superannuation \$	Options \$	
Other key management personnel							
Current							
P O Depiazzi	335,538	-	-	-	14,461	12,879	362,878
P A Robinson (from 4 June 2010)	11,500	-	-	-	1,035	-	12,535
B R McDonald (from 1 March 2010)	100,000	-	-	-	8,333	783	109,116
Former							
D W Staunton (up to 11 January 2010)	217,719	-	-	5,194	17,320	-	240,233
B D Praetz (up to 30 June 2010)	302,752	-	75,688	-	27,248	-	405,688
M P Lilly (up to 4 June 2010)	190,456	-	-	8,223	16,846	-	215,525
Total key management personnel compensation	2,214,937	-	142,280	75,155	183,354	21,006	2,636,732

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.

P G Abery was appointed to carry out additional work for the Group, and was paid \$47,538 for services provided.

M J Bourke was appointed as a Managing Director of the Group from 19 July 2010, and therefore no remuneration has been disclosed for the year ending 30 June 2010.

A Quenby was appointed as CEO of Nomad Modular Building from 1 July 2010.

A J Thomas resigned from the board on 25 August 2010 and ceased employment with the Company on 3 September 2010.

DIRECTORS' REPORT continued

REMUNERATION REPORT continued

2009	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							
G L Allen (until 31 December 2008)	54,667	-	-	-	-	-	54,667
R L Blair	102,447	-	-	-	9,220	-	111,667
P G Abery	62,427	-	-	-	5,618	-	68,045
P J Slaughter	65,596	-	-	-	5,904	-	71,500
Sub-total non-executive directors	285,137	-	-	-	20,742	-	305,879
Executive directors							
A J Thomas	369,519	-	39,000	20,398	33,257	3,960	466,134
W J McGrath	350,810	120,000	25,000	6,225	31,573	3,960	537,568
Former							
P W Guy (until 19 January 2009)	274,890	-	636,156	-	29,167	-	940,213



REMUNERATION REPORT continued

2009	Short-term benefits				Post-employment benefits	Share-based payments	Total
	Cash salary and fees \$	Cash bonus \$	Other \$	Non-monetary benefits \$	Superannuation \$	Options \$	\$
Other key management personnel							
Current							
D W Staunton (from 19 January 2009)	105,500	-	-	8,018	9,495	339	123,352
B D Praetz (from 20 April 2009)	56,359	-	4,025	-	5,072	1,345	66,801
P O Depiazzi (from 20 April 2009)	67,682	-	-	-	2,766	2,240	72,688
M P Lilly (from 18 May 2009)	24,359	-	-	-	2,192	-	26,551
Former							
G A Dower	280,100	-	30,200	-	14,700	-	325,000
P S Hatt	364,852	-	31,500	5,332	33,316	-	435,000
Total key management personnel compensation	2,179,208	120,000	765,881	39,973	182,280	11,844	3,299,186

DIRECTORS' REPORT continued

REMUNERATION REPORT continued

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At Risk – STI		At Risk – LTI	
	2010	2009	2010	2009	2010	2009
Executive directors						
A J Thomas	100%	99%	-	-	-	1%
W J McGrath	100%	77%	-	22%	-	1%
Key management personnel						
D W Staunton	100%	100%	-	-	-	-
B D Praetz	100%	98%	-	-	-	2%
P O Depiazzi	100%	97%	-	-	-	3%
M P Lilly	100%	100%	-	-	-	-
B R McDonald	99%	100%	-	-	1%	-
P A Robinson	100%	100%	-	-	-	-

The proportions shown in the above table are in relation to actual income earned in the relevant year, and not to overall package entitlements.

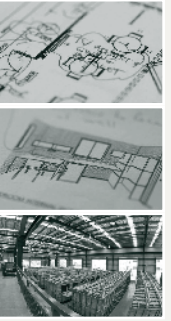
C. Service agreements

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 the Group Long-term Executive Incentive Plan. Other major provisions of the agreements relating to remuneration are set out below.

A J Thomas, Managing Director (Nomad Building Solutions)

- Fixed annual reward, including superannuation and other benefits of \$360,000 to be reviewed annually by the remuneration committee.
- Short-term incentive bonus of up to 35% of fixed annual reward.
- Non-competition period of 12 months upon termination of employment with the Group.
- 6 months notice of termination.



REMUNERATION REPORT *continued*

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

- Fixed annual reward, including superannuation and other benefits of \$325,000 to be reviewed annually by the remuneration committee.
- Short-term incentive bonus of up to 35% of fixed annual reward.
- Non-competition period of 6 months upon termination of employment with the Group.
- 3 months notice of termination.

B D Praetz, Chief Executive Officer (Nomad Modular Building)

- Fixed annual reward, including superannuation and other benefits of \$350,000 to be reviewed annually by the remuneration committee.
- Short-term incentive bonus of up to 35% of fixed annual reward.
- Non-competition period of 6 months upon termination of employment with the Group.
- 3 months notice of termination.

P O Depiazzi, Chief Financial Officer (Nomad Building Solutions)

- Fixed annual reward, including superannuation and other benefits of \$350,000 to be reviewed annually by the remuneration committee.
- Short-term incentive bonus of up to 35% of base salary.
- Non-competition period of 12 months upon termination of employment with the Group.
- 6 months notice of termination.

P A Robinson, Company Secretary & Group Financial Controller (Nomad Building Solutions)

- Base salary of \$138,000 to be reviewed annually by the Managing Director and reported to the remuneration committee.
- Short-term incentive bonus of up to 25% of fixed annual reward.
- Other benefits including superannuation of 9% of base salary.
- Non-competition period of 6 months upon termination of employment with the Group.
- 3 months notice of termination.

DIRECTORS' REPORT continued

REMUNERATION REPORT continued

D. Share-based compensation

Options

Options over shares in Nomad Building Solutions Limited are issued under long-term executive incentive plans. These incentive plans are designed to provide long-term incentives for executives to deliver superior long-term shareholder returns. The 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 the 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. The plan 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.

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	0.81	0.022
	one third 26/2/11	29 October 2013	0.81	0.022
	one third 26/2/12	29 October 2013	0.81	0.022

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:

- annual earnings per share growth, exceeding 20% per annum from the issue date, or subsequent anniversary dates, and
- total shareholder return exceeding the return of the mid-ranked company in the ASX 300 All Industrials Accumulation Index (ASX 300 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.



REMUNERATION REPORT continued

The 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. Since the criteria were set, the Company's share price has underperformed the ASX 300 AI. The first anniversary hurdles have not been 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
29 April 2009	10% on 29/4/10 29	October 2013	0.55	0.06
	20% on 29/4/11 29	October 2013	0.55	0.06
	70% on 29/4/12 29	October 2013	0.55	0.06
8 March 2010	one third 08/3/11	28 April 2014	0.75	0.0235
	one third 08/3/12	28 April 2014	0.75	0.0235
	one third 08/3/13	28 April 2014	0.75	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:

- increase in annual earnings per share, exceeding the equal mid-ranked ASX 300 company, and
- 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 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 volume weighted average price (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.

DIRECTORS' REPORT continued

REMUNERATION REPORT continued

For the 29 April 2009 issue the first anniversary performance hurdles were not met.

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 37 to the financial statements.

	Number of options issued during the year		Number of options vested during the year	
	2010	2009	2010	2009
Directors of Nomad Building Solutions Limited				
A J Thomas	-	700,000	-	-
W J McGrath	-	700,000	-	-
Other key management personnel of the Group				
D W Staunton	-	60,000	-	-
B D Praetz	-	300,000	-	-
P O Depiazzi	-	500,000	-	-
G A Dower	-	120,000	-	-
B R McDonald	300,000	-	-	-

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 2010 included:

2009 Long Term Executive Incentive Plan	
Consideration	Nil
Vesting/Exercise	Conditions See Vesting Conditions Below
Exercise price	\$0.75
Issue date	1 March 2010
Expiry date	28 April 2014
Share price at issue date	\$0.26
Expected price volatility of Company's shares	75%
Risk free interest rate	4.00%
Fair Value	\$0.0235



REMUNERATION REPORT 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.

E. Additional information

Performance of Nomad Building Solutions Limited

In the current year the Group's results were disappointing with net profit after tax decreasing by 579% over last year. The Company has not declared any dividends for the 2010 financial year which is down on the 4.5 cents in respect of the previous financial year.

In a difficult and more competitive market place, lower profitability resulted in Short Term Incentive targets, linked to budget profitability for the 2010/2011 year not being met and therefore no short term incentive payments being earned.

The following table illustrates the operation of the long-term incentive plan by comparing Nomad Building Solutions Limited total shareholder return (TSR) to the ASX 300 All Accumulation Index since listing.

	Total share holder return	
	Nomad	ASX 300 AI
Year ended 30 June 2010	(80%)	(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 inclusive of dividends paid.

Details of remuneration: cash bonuses and options included in the tables on pages 28 and 29, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonuses is payable in future years. The various option plans vest over three years, provided the relevant vesting conditions are met as outlined above.

DIRECTORS' REPORT continued

REMUNERATION REPORT continued

	Cash Bonus			Options		
	Paid %	Forfeited %	Year Issued	Vested %	Forfeited %	Financial years in which options may vest
A J Thomas	0%	100%	2009	-	-	30/06/10 To 30/06/12
W J McGrath (until 14 May 2010)	0%	100%	2009	-	100%	30/06/10 To 30/06/12
P O Depiazzi	0%	100%	2009	-	-	30/06/10 To 30/06/12
D W Staunton (until 11 January 2010)	0%	100%	2009	-	100%	30/06/10 To 30/06/12
B D Praetz (until 30 June 2010)	Not Eligible	Not Eligible	2009	-	100%	30/06/10 To 30/06/12
M P Lilly (until 4 June 2010)	Not Eligible	Not Eligible	-	-	-	-
B R McDonald (commenced on 1 March 2010)	Not Eligible	Not Eligible	2010	-	-	30/06/11 To 30/06/13
P A Robinson (commenced from 4 June 2010)	0%	100%	-	-	-	-



REMUNERATION REPORT continued

Share-based compensation: Options

Further details relating to options are set out below.

	A Remuneration consisting of options \$	B Value at issue date \$	C 2010 Value at exercise date \$	D Value at lapse date \$
A J Thomas	1%	15,552	-	-
W J McGrath	0%	15,552	-	15,552
P O Depiazzi	4%	30,215	-	-
D W Staunton	0%	1,333	-	1,333
B D Praetz	0%	18,129	-	18,129
B R McDonald	2%	7,038	-	-
P A Robinson	0%	-	-	-

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

DIRECTORS' REPORT continued

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 issued	Expiry date	Issue price of shares	Number under option
26 February 2009	25 February 2013	\$0.81	860,000
29 April 2009	28 April 2014	\$0.55	500,000
1 March 2010	28 April 2014	\$0.75	300,000
			1,660,000

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 2010 (2009: nil) on the exercise of options issued under the Nomad Building Solutions Limited Employee Option Plan. 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 \$47,200 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.

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 Company and/or the Group are important.



The Board of directors has considered the position and, in accordance with advice received from the audit 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 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	
	2010 \$	2009 \$
BDO Audit (WA) Pty Ltd		
(a) Audit Services		
Audit and review of financial reports	163,000	128,400
Other assurance services	8,900	11,225
	171,900	139,625

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 42.

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.

Richard Blair
Chairman
Perth
7 September 2010

DECLARATION OF INDEPENDENCE BY AUDITORS



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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

7 September 2010

Chairman of Audit Committee
Nomad Building Solutions Limited
65 Burswood Road
BURSWOOD WA 6100

Dear Peter,

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF NOMAD BUILDING SOLUTIONS LIMITED

As lead auditor of Nomad Building Solutions Limited for the year ended 30 June 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 audit
- 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.

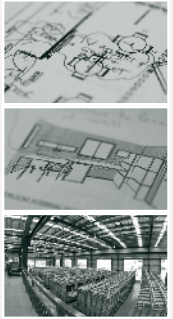
A handwritten signature in black ink, appearing to read 'Glyn O'Brien'.

Glyn O'Brien
Director

A handwritten logo consisting of the letters 'BDO' in a simple, blocky font.

BDO Audit (WA) Pty Ltd
Perth, Western Australia

FINANCIAL STATEMENTS



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These financial statements cover Nomad Building Solutions Limited and its subsidiaries as the 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
65 Burswood Rd
BURSWOOD WA 6100

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report on page 9.

The financial statements were authorised for issue by the directors on 7 September 2010. 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 (08) 9217 2333.

FINANCIAL STATEMENTS continued

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
Revenue from continuing operations	4	223,155	415,297
Other income	5	176	313
Raw materials, consumables and contract labour		(182,366)	(326,095)
Depreciation and amortisation expense	6	(9,506)	(10,120)
Operating lease costs	6	(6,269)	(5,555)
Employee benefits expense	6	(23,376)	(26,917)
Other expenses		(13,939)	(15,150)
Impairment of goodwill (nil tax effect)	6	(50,589)	(6,852)
Impairment of PP & E, trade receivables and customer relations	6	(3,344)	(213)
Finance costs	6	(3,010)	(3,336)
(Loss) / Profit before income tax		(69,068)	21,372
Income tax benefit / (expense)	7	5,477	(8,085)
Net (loss) / profit for the year		(63,591)	13,287
Total comprehensive (loss) / income for the year attributable to members of Nomad Building Solutions Limited		(63,591)	13,287
		Cents	Cents
Basic (loss) / earnings per share	36	(46.1)	9.8
Diluted (loss) / earnings per share	36	(46.1)	9.6

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2010

ASSETS	Note	2010	2009
		\$'000	\$'000
Current assets			
Cash and cash equivalents	8	8,845	19,161
Trade and other receivables	9	24,588	45,165
Current tax assets		1,611	1,462
Inventories	10	22,213	15,194
Total current assets		57,257	80,982
Non-current assets			
Receivables	11	109	109
Property, plant and equipment	12	24,216	49,809
Investment Property	13	5,966	6,084
Deferred tax assets	14	7,265	1,427
Intangible assets	15	31,416	81,857
Total non-current assets		68,972	139,286
Total assets		126,229	220,268
LIABILITIES			
Current liabilities			
Trade and other payables	16	34,021	44,271
Deferred Income	10	3,555	6,265
Borrowings	17	26,842	34,525
Provisions	18	5,184	398
Total current liabilities		69,602	85,459
Non-current liabilities			
Borrowings	19	-	11,989
Deferred tax liabilities	20	296	65
Provisions	21	102	133
Total non-current liabilities		398	12,187
Total liabilities		70,000	97,646
Net assets		56,229	122,622
EQUITY			
Contributed equity	22	94,296	93,495
Reserves	23	30	201
(Accumulated losses) / Retained profits	23	(38,097)	28,926
Total equity		56,229	122,622

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS continued

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010

	Note	Contributed Equity \$'000	Option Reserve \$'000	Retained Earnings / (Accumulated Losses) \$'000	Total \$'000
Balance at 1 July 2008		92,119	1,173	25,795	119,087
Total comprehensive income for year ended 30 June 2009		-	-	13,287	13,287
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	22	1,376	-	-	1,376
Dividends provided for or paid	24	-	-	(10,156)	(10,156)
Employee share options	23	-	(972)	-	(972)
Balance as at 30 June 2009		93,495	201	28,926	122,622
Total comprehensive loss for year ended 30 June 2010		-	-	(63,591)	(63,591)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	22	801	-	-	801
Dividends provided for or paid	24	-	-	(3,432)	(3,432)
Employee share options	23	-	(171)	-	(171)
Balance as at 30 June 2010		94,296	30	(38,097)	56,229

The above 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 2010

	Note	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		258,976	482,023
Payments to suppliers and employees (inclusive of GST)		(246,553)	(435,504)
Cash generated from operations		12,423	46,519
Interest paid		(3,010)	(3,336)
Income taxes (paid) received		(313)	(13,319)
Net cash inflow from operating activities	34	9,100	29,864
Cash flows from investing activities			
Payments for property, plant and equipment	12	(2,886)	(22,404)
Payments for investment property	13	(351)	(6,084)
Payments for purchase of subsidiary net of cash acquired	30	(1,574)	(4,212)
Proceeds from sale of property, plant and equipment		7,555	48
Interest received		142	355
Net cash inflow / (outflow) from investing activities		2,886	(32,297)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		-	(6)
Proceeds from borrowings		9,000	32,679
Repayment of borrowings		(14,733)	(11,300)
Repayment of hire purchase and lease payments		(13,938)	(13,193)
Dividends paid to members		(2,631)	(8,774)
Net cash (outflow) from financing activities		(22,302)	(594)
Net (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		19,161	22,188
Cash and cash equivalents at the end of the financial year	8	8,845	19,161
Non-cash financing and investing activities	35	801	1,382

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

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 39.

(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 of AIFRS 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 financial statements have been prepared on the basis that the Group continues as a going concern. The directors consider this appropriate given the forecast of profit and positive cash flows for the Group over the next 12 months, supported by the current order book and strong tender activity. The Group is operating under an extension of its existing facilities agreement with Westpac Banking Corporation while the process of finalising a renewed facility is completed. For this reason, all, bank borrowings have been shown as current. Indications from the bank are that the facilities will be extended. 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.

(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 2010 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.



Note 1 : Summary Of Significant Accounting Policies continued

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

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in a change to the number of segments presented, however not all entities meet the aggregation criteria for the current segments and are therefore shown under the heading of "Other".

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board.

Goodwill is allocated by management to Groups of cash-generating units on a segment level. The change in reportable segments has not impacted on the allocation of goodwill between segments. There has been no further impact on the measurement of the Company's assets and liabilities. Comparatives for 2009 have been restated.

Description of business segment

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 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : Summary Of Significant Accounting Policies continued

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, except for "in situ" projects where a quantity surveyor assessment provides a more accurate measurement.

The construction of assets for hire purposes are reclassified as hire buildings when completed. They are treated as work in progress while under construction.

(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 balances attributable to amounts recognised directly in equity are also recognised directly in equity.



Note 1 : Summary Of Significant Accounting Policies continued

Tax consolidation legislation

Nomad Building Solutions Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head 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.

(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,

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : Summary Of Significant Accounting Policies continued

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(l).

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.

Change in accounting policy

The Group adopted AASB 3 Business Combinations (2008) and AASB 127 Consolidated and Separate Financial Statements (2008) for business combinations occurring on or after 1 July 2009. All business combinations occurring on or after 1 July 2009 have been accounted for using the acquisition method. The change in accounting policy has been applied prospectively so no retrospective adjustments have been made to business combinations that occurred prior to 1 July 2009 in these financial statements. However, there are some significant changes to the way business combinations are accounted for from 1 July 2009. Major changes include:

- Contingent consideration classified as debt is remeasured through profit or loss instead of adjusting the purchase consideration (goodwill).
- Acquisition-related costs are expensed immediately, rather than being included as part of the purchase consideration.
- Non-controlling interests can be measured on an acquisition by acquisition basis at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.
- If the Group recognises deferred tax assets after the initial accounting is complete, there will be no adjustment to goodwill and this will result in increased profits in the period when these deferred tax assets are recognised.

These changes have been applied to the RTS Group Pty Ltd acquisition (refer note 30). \$87,000 of acquisition-related costs have been expensed whereas under the previous policy these would have been capitalised into goodwill. Non-controlling interests have been measured at their proportionate share of the acquiree's identifiable net assets rather than fair value so there has been no change in accounting policy in this regard.

(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



Note 1 : Summary Of Significant Accounting Policies continued

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 asset's 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : Summary Of Significant Accounting Policies continued

(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.

(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 expenses 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.



Note 1 : Summary Of Significant Accounting Policies continued

(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.

(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.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : Summary Of Significant Accounting Policies continued

(ii) Customer relationships and customer contracts

Customer relationships and customer contracts have finite useful lives and are carried at their fair value at date of acquisition less accumulated amortisation. Customer relationships have been amortised on a straight-line basis over a period of 5 years.

Customer contracts are amortised based on the timing of projected cash flows of the contracts in the order book at the date of acquisition.

(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 or sale. 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.



Note 1 : Summary Of Significant Accounting Policies continued

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.

(u) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave 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 employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experiences of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(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 Plan. Information relating to the plans is set out in note 37.

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 and an 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : Summary Of Significant Accounting Policies continued

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 and profit-sharing 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.

(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.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(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.



Note 1 : Summary Of Significant Accounting Policies continued

(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.

(aa) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group’s assessment of the impact of these new standards and interpretations is set out below.

[AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Sharebased Payment Transactions \[AASB 2\]](#) (effective from 1 January 2010). The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a Group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the Group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the Group share-based payment arrangement should be measured, that is, whether it is measured as equity- or a cash-settled transaction. The Group will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the Group’s financial statements.

[AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues \[AASB 132\]](#) (effective from 1 February 2010). In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : Summary Of Significant Accounting Policies continued

liabilities. The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The Group will apply the amended standard from 1 July 2010. As the Group has not made any such rights issues, the amendment will not have any effect on the Group's financial statements.

[AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9](#) (effective from 1 January 2013) AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. The Group has not yet decided when to adopt AASB 9.

[Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards](#) (effective from 1 January 2011). In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. However, it has yet to put systems into place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.

[AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19](#) (effective from 1 July 2010). AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The Group will apply the interpretation from 1 July 2010. It is not expected to have any impact on the Group's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the Group has not entered into any debt for equity swaps since that date.

[AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process \(issued May 2009\)](#) (effective from 1 January 2010). AASB 5 Non-current Assets Held for Sale and Discontinued Operations - Clarifies that disclosure required for non-current assets (or disposal groups) classified as held for sale or discontinued operations are limited to those required by AASB 5 unless:

- Disclosures are specifically required for these assets by other AASBs; or
- Assets and liabilities of a disposal group are not within the measurement requirements of AASB 5 and disclosures are required by other AASBs.

There will be no impact as these requirements are only required to be applied prospectively to disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations.

AASB 101 Presentation of Financial Statements - Clarifies that terms of a liability that could, at the option of the counterparty, result in the liability being settled by the issue of equity instruments, do



Note 1 : Summary Of Significant Accounting Policies continued

not affect its classification. This means that unless the terms of such liabilities require a transfer of cash or other assets within 12 months, they do not necessarily have to be classified as current liabilities. Initial adoption of this amendment will have no impact as the entity does not have any current liabilities where the counterparty has the option to have the liabilities settled by the issue of equity instruments.

AASB 107 Statement of Cash Flows - Clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. Initial adoption of this amendment will have no impact as the entity only recognises cash flows from investing activities for expenditures that result in a recognised asset in the statement of financial position.

IFRS 7 Financial Instruments: Disclosures - Deletes various disclosures relating to credit risk, renegotiated loans and receivables and the fair value of collateral held. Periods commencing on or after 1 January 2011 - There will be no impact on initial adoption to amounts recognised in the financial statement as the amendments result in fewer disclosures only.

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 Chief Financial Officer and other senior 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, interest rate hedging, cash flow requirements and finance facility management are developed with the Board of Directors.

The Group occasionally uses derivative financial instruments such as an interest rate swap to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes and not as trading or other speculative instruments.

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.

NOTES TO THE FINANCIAL STATEMENTS

Note 2 : Financial Risk Management continued

The Group hold the following financial instruments:

	Consolidated	
	2010 \$'000	2009 \$'000
Financial assets		
Cash and cash equivalents	8,845	19,161
Trade and other receivables	23,960	45,274
	32,805	64,435
Financial liabilities at amortised cost		
Trade and other payables	34,021	44,271
Borrowings	26,842	46,514
	60,863	90,785

(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 2010 44%, (2009: 55%) of borrowings consisted of asset finance which has fixed interest rates.

In some circumstances, the Group uses interest rate swap contracts to hedge against interest rate increases. There are no interest rate swap contracts currently in place.

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 2010		30 June 2009	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Bank loans	5.34%	15,000	3.7%	20,733



Note 2 : Financial Risk Management continued

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.

At 30 June 2010 the Group had 4 customers (2009: 4 customers) that owed the Group more than \$1 million each and these balances accounted for approximately 44 per cent (2009: 78 per cent) of all receivables owing. There were no customers (2009: 3 customers) with balances greater than \$5 million accounting for nil per cent (2009: 55 per cent) of total amounts receivable.

Cash transactions are limited to high credit quality financial institutions.

(c) Liquidity risk

The Group is operating under an extension of the existing facility agreements with Westpac Banking Corporation while the process of finalising a renewed facility is expected in September 2010. Under the extension of facilities, the facility limits are due to reduce in line with Hire Purchase repayments. The Group expects to meet the facility reduction through existing cashflows from operations.

Financing arrangements

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

	2010 \$'000	2009 \$'000
Floating rate		
Bank loans and overdraft expiring within 1 year	8,000	14,267
Bank loans and overdraft expiring beyond 1 year	-	-
Fixed rate		
Asset finance expiring within 1 year	-	2,219
Asset finance expiring beyond 1 year	-	-
Other		
Contingent Instrument facility	10,773	4,623
Total	18,773	21,109

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 asset finance facility is a hire purchase facility which is drawn progressively as required, but must not exceed a five year term. The contingent instrument facility can be drawn progressively as required in respect to bank guarantee security required for sales contracts and some operating leases.

NOTES TO THE FINANCIAL STATEMENTS

Note 2 : Financial Risk Management continued

Maturities of financial liabilities

Under the terms of the proposed agreement with the Westpac Banking Corporation, the facility limits are due to reduce by the amount of principal repayments on the Hire Purchase arrangements. Additionally, the facility will be further reduced in January 2011, April 2011 and July 2011 in line with cashflow from operations for the half year to December 2010, quarter to March 2011 and quarter to June 2011 respectively. The Group expects to meet the facility reduction through existing spare capacity as outlined above, plus from the cash and cash equivalents held at 30 June 2010 of \$8.4 million.

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.

	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
At 30 June 2010						
Non-derivatives						
Trade and other payables	34,021	-	-	-	34,021	34,021
Borrowings (exclude hire purchase liability)	15,000	-	-	-	15,000	15,000
Hire Purchase	11,842	-	-	-	11,842	11,842
	60,863	-	-	-	60,863	60,863
At 30 June 2009						
Non-derivatives						
Trade and other payables	44,271	-	-	-	44,271	44,271
Borrowings (exclude hire purchase liability)	20,733	-	-	20,733	20,733	
Hire Purchase	7,197	6,595	8,341	3,648	25,781	25,781
	72,201	6,595	8,341	3,648	90,785	90,785



Note 2 : Financial Risk Management continued

(d) Fair value estimation

The fair value of financial assets and financial liabilities approximates their carrying value.

(e) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk:

	Carrying amount \$'000	- 80 bps		+ 80 bps	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2010					
Financial assets					
Cash and cash equivalents	8,845	(71)	(71)	71	71
Financial liabilities					
Borrowings	15,000	120	120	(120)	(120)
		49	49	(49)	(49)
2009					
Financial assets					
Cash and cash equivalents	19,161	(153)	(153)	153	153
Financial liabilities					
Borrowings	20,733	166	166	(166)	(166)
		13	13	(13)	(13)

An 80 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.

NOTES TO THE FINANCIAL STATEMENTS

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. Some of the businesses acquired have not seen the profitability recover as had been expected. As a result goodwill is deemed to be impaired at reporting date as shown on the face of the Statement of Comprehensive Income. 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 who still carry goodwill it may have a material impact on the carrying value.

Some of the property, plant and equipment acquired have not generated the results expected and are therefore deemed impaired at reporting date, as shown on the face of the Statement of Comprehensive Income.

(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 \$6,157,000, if unfavourable;
- increase profit before tax by \$6,157,000, if favourable.

(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 \$768,000;
- decrease by a year then profit before tax would decrease by \$1,253,000.

(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.



Note 3 : Critical Accounting Estimates And Judgements continued

(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	
	2010	2009
	\$'000	\$'000
From continuing operations		
Sales revenue		
Construction contract revenue	188,916	391,233
Revenue from the sale of goods	12,616	5,284
Revenue from the rendering of services	21,481	18,425
Other revenue		
Interest	142	355
	223,155	415,297

Note 5 : Other Income

Net gain on sale of property, plant and equipment	-	48
Other	176	265
	176	313

NOTES TO THE FINANCIAL STATEMENTS

Note 6 : Expenses

	Consolidated	
	2010 \$'000	2009 \$'000
(Loss) / Profit before income tax includes the following specific expenses:		
Depreciation		
Hire assets	6,159	7,125
Plant and equipment	3,026	2,036
Total depreciation	9,185	9,161
Amortisation		
Customer contracts and relationships	321	959
Total amortisation	321	959
Total depreciation and amortisation	9,506	10,120
Impairment		
Trade receivables	53	213
Customer relationships	67	-
Property Plant and Equipment	3,224	-
Goodwill	50,589	6,852
Total impairment	53,933	7,065
Finance costs		
Interest and finance charges paid/payable	3,010	3,336
Finance costs expensed	3,010	3,336
Rental expense relating to operating leases		
Minimum lease payments	6,269	5,555
Total rental expense relating to operating leases	6,269	5,555
Employee benefits expense		
Salary and wages	18,249	22,742
Performance related bonus	-	251
Superannuation expense	1,781	1,996
Share-based payments	(171)	(972)
Other employee expense	3,517	2,900
Total employee benefits expense	23,376	26,917



Note 7 : Income Tax Expense

	Consolidated	
	2010 \$'000	2009 \$'000
(a) Income tax (revenue) / expense		
Current tax	-	8,138
Deferred tax	(5,602)	66
Adjustments for current tax of prior periods	125	(119)
	(5,477)	8,085
Income tax expense is attributable to:		
Profit from continuing operations	(5,477)	8,085
Aggregate income tax (revenue) / expense	(5,477)	8,085
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 14)	(5,805)	354
(Decrease) in deferred tax liabilities (note 20)	231	(288)
	(6,036)	66
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) from continuing operations before income tax expense (loss)	(69,068)	21,372
Tax at the Australian tax rate of 30% (2009 – 30%)	(20,720)	6,412
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impairment charge	15,176	2,056
Share based payments	(51)	(292)
Entertainment	18	31
Other	(25)	(3)
Income tax expense (benefit)	(5,602)	8,204
Adjustments for current tax for prior periods	125	(119)
Income tax (revenue) / expense	(5,477)	8,085

NOTES TO THE FINANCIAL STATEMENTS

Note 7 : Income Tax Expense continued

(c) Tax consolidation legislation

Nomad Building Solutions Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation from the date the Company acquired the controlled entities, commencing on 16 December 2005. The accounting policy in relation to this legislation is set out in note 1(e).

The entities in the tax consolidated Group have entered into a tax sharing agreement which limits the joint and several liabilities of the wholly-owned entities in the case of a default by the parent entity, Nomad Building Solutions Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities will fully compensate Nomad Building Solutions Limited for any current tax payable assumed and are to be 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.

The amounts receivable/payable under the proposed 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.

Schedule 5 of Taxation Laws Amendment (2010 Measures No.1) Act 2010, which was passed on 3 June 2010, introduced a number of new amendments that may have an impact on the taxation treatment of tax consolidated Groups. These amendments seek to clarify the operation of certain aspects of the consolidation regime, to improve interactions with other parts of the law and introduce substantive new modifications to the tax consolidation regime. The amendments have different application dates, with some applying retrospectively from 1 July 2002.

As this legislation was only passed on 3 June 2010, and due to the complexity of some of the amendments, at the date of signing this report, the Company had not yet had sufficient time to assess and quantify the impact of these amendments on the financial statements. Accordingly, there is certain level of uncertainty as to the accuracy of the following tax balances contained in these financial statements: income tax expense, income tax liabilities, deferred tax assets and deferred tax liabilities.



Note 8 : Current Assets – Cash And Cash Equivalents

	Consolidated	
	2010 \$'000	2009 \$'000
Cash at bank and in hand	8,845	19,161
	8,845	19,161

(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:

Balances as above	8,845	19,161
Balances per statement of cash flows	8,845	19,161

(b) Interest rate risk exposure

The bank accounts are bearing floating interest rates currently ranging between 3.5% and 4.5% (2009: between 2.2% and 3.0%). The Group's exposure to interest rate risk is discussed in note 2.

Note 9 : Current Assets – Trade And Other Receivables

Trade receivables	20,676	38,077
Allowance for impairment of receivables (note(a))	(16)	(213)
Other receivables	3,191	6,763
Prepayments	737	538
	24,588	45,165

At 30 June 2010 trade receivables include retentions of \$2,758,000 (2009: \$6,477,000) relating to construction contracts in progress.

(a) Impaired trade receivables

As at 30 June 2010 current trade receivables of the Group with a nominal value of \$16,000 (2009 - \$257,000) were impaired. The amount of the allowance was \$16,000 (2009 - \$213,000). The individually impaired receivables are entities which have been placed in receivership following the onset of the Global Financial Crisis. It is unlikely that any funds will be recovered.

Up to 3 months	-	-
3 to 6 months	-	140
Over 6 months	16	117
	16	257

NOTES TO THE FINANCIAL STATEMENTS

Note 9 : Current Assets – Trade And Other Receivables continued

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

	Consolidated	
	2010	2009
	\$'000	\$'000
At 1 July	213	-
Impairment recognised during the year	65	213
Receivables written off during the year as uncollectable	(262)	-
	16	213

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 2010, trade receivables of \$2,630,000 (2009 - \$14,036,000) 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:

Up to 3 months	2,241	12,520
3 to 6 months	389	1,516
	2,630	14,036

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.

At 30 June 2010 a debtor balance of \$nil (2009: \$3,112,000) was being renegotiated. The debtor has since paid \$nil (2009: \$600,000).

(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 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	
	2010 \$'000	2009 \$'000
Raw material and stores – at cost	-	95
Work-in-progress	21,282	13,373
Stock on hand – at cost	931	1,726
	22,213	15,194

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2010 amounted to \$1,200,000 (2009: \$280,607). The expense has been included in 'raw materials, consumables and contract labour' in the statement of comprehensive income.

At 30 June 2010 aggregate costs incurred under open construction contracts and recognised profit, net of recognised losses, amounted to \$289,444,000 (2009: \$322,850,000). Progress billings and advances received from customers under open construction contracts amounted to \$271,717,000 (2009: \$429,297,000). 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 \$3,555,000 at 30 June 2010 (2009: \$6,265,000).

Note 11 : Non-Current Assets – Receivables

	Consolidated	
	2010 \$'000	2009 \$'000
Other receivables	109	109
	109	109

(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:

	2010 \$'000		2009 \$'000	
	Carrying amount	Fair value	Carrying amount	Fair value
Other receivables	109	109	109	109
	109	109	109	109

NOTES TO THE FINANCIAL STATEMENTS

Note 11 : Non-Current Assets – Receivables continued

(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 2009				
Opening net book amount	32,309	1,212	6,953	40,474
Additions	11,857	13,486	3,145	28,488
Acquisition of controlled entities	-	-	-	-
Disposals	(3,865)	-	(43)	(3,908)
Transfer to investment property	-	(6,084)	-	(6,084)
Depreciation charge	(7,126)	(126)	(1,909)	(9,161)
Closing net book amount	33,175	8,488	8,146	49,809
At 30 June 2009				
Cost or fair value	45,308	8,648	12,193	66,149
Accumulated depreciation	(12,133)	(160)	(4,047)	(16,340)
Net book amount	33,175	8,488	8,146	49,809
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 (note a)	-	-	(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



Note 12 : Non-Current Assets – Property, Plant And Equipment continued

Refer to note 19 (a) for information on non-current assets pledged as security by the Group.

Impairment loss

The impairment loss relates to assets that are no longer thought to be used for the purposes that they were acquired for, and their realisable value is \$nil as determined by management.

Note 13 : Non-Current Assets – Investment Property

	Consolidated	
	2010	2009
	\$'000	\$'000
Cost	6,084	-
Subsequent expenditures	351	6,084
Depreciation for the year	(469)	-
Balance at end of year	5,966	6,084

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

(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:

Rental Income	1,305	-
Direct operating expenses arising from investment property that generated rental income during the year	(749)	-
	556	-

(b) Leasing arrangements

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

Minimum lease payments under non-cancellable operating leases of investment property are as follows:

Within one year	2,238	-
Later than one year but not later than five years	5,476	-
	7,714	-

NOTES TO THE FINANCIAL STATEMENTS

Note 14 : Non-Current Assets – Deferred Tax Assets

	Consolidated	
	2010 \$'000	2009 \$'000
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss:</i>		
Share issue expenses	343	634
Employee benefits	398	556
	741	1,190
<i>Other:</i>		
Borrowing costs	62	48
Contract provisions	1,170	-
Provisions	246	125
Doubtful Debts	5	64
Carry forward losses	4,072	-
Property, plant and equipment	969	-
Sub-total other	6,524	237
Total deferred tax assets	7,265	1,427
Deferred tax assets to be recovered within 12 months	-	369
Deferred tax assets to be recovered after more than 12 months	7,265	1,058
	7,265	1,427



Note 14 : Non-Current Assets – Deferred Tax Assets continued

	Employee Benefits \$'000	Contract Provisions \$'000	Share issue expenses \$'000	Borrowing costs \$'000	Property, Plant and Equipment \$'000	Other \$'000	Carry forward losses \$'000	Total \$'000
Movements – Consolidated								
As at 1 July 2008	747	-	921	57	-	56	-	1,781
(Charged)/credited to the statement of comprehensive income	(191)	-	(287)	(9)	-	133	-	(354)
Charged directly to equity	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-
At 30 June 2009	556	-	634	48	-	189	-	1,427
(Charged)/credited to the statement of comprehensive income	(191)	1,170	(291)	14 969	62	4,072	5,805	
Charged directly to equity	-	-	-	-	-	-	-	-
Acquisition of subsidiary	33	-	-	-	-	-	-	33
At 30 June 2010	398	1,170	343	62	969	251	4,072	7,265

NOTES TO THE FINANCIAL STATEMENTS

Note 15 : Non-Current Assets – Intangible Assets

Consolidated	Goodwill \$'000	Customer contracts \$'000	Customer relationships \$'000	Total \$'000
Year ended 30 June 2009				
Opening net book amount	88,414	811	363	89,588
Additions			-	-
Additions through acquisition of Subsidiary	80	-	-	80
Impairment charge	(6,852)	-	-	(6,852)
Amortisation charge	-	(811)	(148)	(959)
Closing net book amount	81,642	-	215	81,857
At 30 June 2009				
Cost or fair value	88,494	3,658	741	92,893
Accumulated amortisation and impairment	(6,852)	(3,658)	(526)	(11,036)
Net book amount	81,642	-	215	81,857
Year ended 30 June 2010				
Opening net book amount	81,642	-	215	81,857
Additions	-	-	-	-
Additions through acquisition of subsidiary	363	173	-	536
Impairment charge	(50,589)	-	(67)	(50,656)
Amortisation charge	-	(173)	(148)	(321)
Closing net book amount	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	31,416	-	-	31,416

Amortisation of \$321,000 (2009: \$959,000) is included in depreciation and amortisation expense in the statement of comprehensive income. Customer contracts are amortised over the life of the contract in the order book at the date of acquisition. All contracts were completed by the end of June 2010. Customer relationships are amortised over a 5 year period, however during the year customer relationship has been impaired and therefore the remaining \$67,000 has been written off.



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:

2010	\$'000
Transportables	16,416
Construction	15,000
	31,416
2009	\$'000
Transportables	43,539
Construction	38,103
	81,642

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% (2009: 2% per annum for years two, three, four and five) with a final terminal value adopted. The growth rate is consistent with the expectations for the industry.

Testing for impairment of goodwill is carried out on an annual basis.

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

	Growth Rate	Discount Rate
	%	%
Year ended 30 June 2009		
Transportables	2	12
Construction	2	12
Year ended 30 June 2010		
Transportables	3	20
Construction	3	20

The growth rate is based on expectations of Australia's GDP growth rate whilst the discount rate is based on general construction industry rates of return adjusted for a risk premium relating to the Group's current trading performance.

NOTES TO THE FINANCIAL STATEMENTS

Note 15 : Non-Current Assets – Intangible Assets continued

(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 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 \$610,000 for every 1% increase in the discount rate, \$520,000 for every 1% reduction in the growth rate, and \$1,060,000 for every 5% reduction in forecast EBITDA for each of the next 5 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 impairment testing process an impairment charge of \$50,589,000 (2009: \$6,852,000) has been made against Goodwill in the current period. \$33,396,000 (2009: Nil) relates to the Transportable Manufacturing segment, with the remaining \$17,190,000 (2009: \$6,852,000) relates to the Construction segment.

The impairment has resulted from continuing difficult market conditions where the transportable manufacturing and construction segments are both tendering in a highly competitive environment and on lower margins.

Note 16 : Current Liabilities – Trade And Other Payables

	Consolidated	
	2010 \$'000	2009 \$'000
Trade payables	20,426	27,721
Other payables	13,595	16,550
	34,021	44,271

Note 17 : Current Liabilities – Borrowings

		Consolidated	
	Note	2010 \$'000	2009 \$'000
Secured			
Hire purchase liabilities	28	11,842	13,792
Secured bank loans		15,000	20,733
Total secured current borrowings		26,842	34,525
Total current borrowings		26,842	34,525



Note 17 : Current Liabilities – Borrowings continued

(a) Interest rate exposure

Details of the Group's exposure to interest rate changes on borrowings are set out in note 2.

(b) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in note 19.

(c) Security

Details of the security relating to each of the secured liabilities and further information on the bank loans are set out in note 19.

Note 18 : Current Liabilities – Provisions

	Consolidated	
	2010	2009
	\$'000	\$'000
Employee benefits	1,203	274
Audit fees	74	100
Contractual disputes	3,900	-
Other	7	24
	5,184	398

(a) Movement in provisions

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

Consolidated 2010	Audit Fees	Contractual	Other	Total
	\$'000	disputes	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000
Current				
Carrying amount at start of year	100	-	24	124
Additional provisions recognised	74	3,900	7	3,981
Amounts used during the period	(100)	-	(24)	(124)
Carrying amount at end of the year	74	3,900	7	3,981

NOTES TO THE FINANCIAL STATEMENTS

Note 19 : Non-Current Liabilities – Borrowings

	Note	Consolidated	
		2010 \$'000	2009 \$'000
Secured			
Hire purchase liabilities	28	-	11,989
Total secured non-current borrowings		-	11,989
Total non-current borrowings		-	11,989

(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 its 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 hire purchase liabilities are secured by the financier having the right to the asset under hire purchase in the event of default.

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



Note 19 : Non-Current Liabilities – Borrowings continued

	Note	Consolidated	
		2010 \$'000	2009 \$'000
Current			
Floating charge			
Cash and cash equivalents	8	8,845	19,161
Receivables	9	24,588	45,165
Inventories	10	22,213	15,194
Total current assets pledged as security		55,646	79,520
Non-current			
Hire Purchase Liabilities			
Hire buildings	12	18,891	33,175
Floating charge			
Land and Buildings	12	1,111	14,572
Plant and equipment	12	4,214	8,146
Receivables	11	109	109
Investment property	13	5,966	6,084
Other financial assets		-	-
		11,400	28,911
Total non-current assets pledged as security		30,291	62,086
Total assets pledged as security		85,937	141,606

NOTES TO THE FINANCIAL STATEMENTS

Note 19 : Non-Current Liabilities – Borrowings continued

(b) Bank loans

The bank loans are provided by Westpac Banking Corporation under extensions of the facility agreement entered in April 2007. The Company is in the process of finalising the new agreement, a process it expects to complete in September 2010. The bank loans have variable interest rates and are repayable within 3 years. The current interest rate is 5.3% (2009: 3.7%).

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	2010		2009	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<i>Non-traded financial liabilities</i>				
Bank loans	15,000	15,000	20,733	20,733
Lease liabilities	11,842	11,842	25,781	25,781
	26,842	26,842	46,514	46,514

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 20 : Non-Current Liabilities – Deferred Tax Liabilities

	Consolidated	
	2010 \$'000	2009 \$'000
The balance comprises temporary differences attributable to:		
Intangible assets	-	65
Other		
Property, plant and equipment	173	-
Prepayments	123	-
Total deferred tax liabilities	296	65
Deferred tax liabilities to be settled within 12 months	22	65
Deferred tax liabilities to be settled after more than 12 months	274	-
	296	65

	Property, plant and equipment \$'000	Intangible assets \$'000	Prepayment \$'000	Total \$'000
Movement - Consolidated				
At 1 July 2008	-	353	-	353
(Credited) to the statement of comprehensive income	-	(288)	-	(288)
Acquisition of subsidiary	-	-	-	-
At 30 June 2009	-	65	-	65
(Credited) to the statement of comprehensive income	173	(65)	123	231
Acquisition of subsidiary	-	-	-	-
At 30 June 2010	173	-	123	296

NOTES TO THE FINANCIAL STATEMENTS

Note 21 : Non-Current Provisions

	Consolidated	
	2010 \$'000	2009 \$'000
Employee benefits-long service leave	102	133

Note 22 : Contributed Equity

	Notes	Consolidated and Parent entity		Consolidated and Parent entity	
		2010 Shares	2009 Shares	2010 \$'000	2009 \$'000
(a) Share Capital					
Ordinary shares					
Fully paid	(b), (c), (e)	138,138,976	137,304,906	94,296	93,495

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue Price	\$'000
1 July 2008	Balance	135,273,708		92,119
24 October 2008	Shares issued under dividend reinvestment plan	538,307	\$1.57	845
24 April 2009	Shares issued under dividend reinvestment plan	1,492,891	\$0.36	537
				93,501
	Less: Transaction costs arising on share issues	-		(6)
30 June 2009	Balance	137,304,906		93,495
23 October 2009	Shares issued under dividend reinvestment plan	834,070	\$0.96	801
30 June 2010	Balance	138,138,976		94,296



Note 22 : Contributed Equity continued

(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 37.

(f) 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 2010, the Group's strategy, which was unchanged from 2009, was to maintain a gearing ratio below 50%. The gearing ratios at 30 June 2010 and 30 June 2009 were as follows:

	Note	Consolidated	
		2010 \$'000	2009 \$'000
Total borrowings	17, 19	26,842	46,514
Less: cash and cash equivalents	8	(8,845)	(19,161)
Net debt		17,997	27,353
Total equity		56,229	122,622
Gearing ratio		32%	22%

NOTES TO THE FINANCIAL STATEMENTS

Note 23 : Reserves And Retained Profits

	Note	Consolidated	
		2010 \$'000	2009 \$'000
(a) Reserves			
Movements in share-based payments reserve were as follows:			
Balance 1 July		201	1,173
Option expense		(171)	(972)
Options issued to employees of Subsidiaries		-	-
Balance 30 June		30	201
(b) Retained profits			
Movements in retained profits were as follows:			
Balance 1 July		28,926	25,795
Net (Loss) / Profit for the year		(63,591)	13,287
Dividends	24(a)	(3,432)	(10,156)
Balance 30 June		(38,097)	28,926

(c) Nature and purpose of reserves

(i) 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 24 : Dividends

	Consolidated	
	2010 \$'000	2009 \$'000
(a) Provided for or paid on ordinary shares		
Final dividend for the period ended 30 June 2009 of 5.5 cents (2008: 4.0 cents) per fully paid share paid on 23 October 2009 (2008: 26 October 2009)		
Fully franked based on tax paid @ 30%	3,432	7,440
Interim dividend for the year ended 30 June 2010 of nil (2009: 2.0 cents) per fully paid share paid (2009: 24 April 2009)		
Fully franked based on tax paid @ 30%	-	2,716
Total dividends provided for or paid	3,432	10,156
Dividends paid in cash	2,631	8,774
Satisfied by issue of shares	801	1,382
	3,432	10,156
(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 (2009 – 2.5 cents). The aggregate amount of the dividend expected to be paid out of retained profits at 30 June 2010, but not recognised as a liability at year end, is:	-	3,432
(c) Franked dividends		
The franked portions of the final dividend declared after 30 June 2010 will be franked out of existing franking credits and out of franking credits arising from the payment of income tax in the year ending 30 June 2010.		
Franking credits available for subsequent financial years based on a tax rate of 30% (2009 – 30%) are:	17,829	19,736

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 2010.

NOTES TO THE FINANCIAL STATEMENTS

Note 25 : Key Management Personnel

(a) Key management personnel compensation

	Consolidated	
	2010 \$	2009 \$
Short-term employee benefits	2,432,372	3,105,061
Post-employment benefits	183,354	182,280
Share based payments	21,006	11,845
	2,636,732	3,299,186

Detailed remuneration disclosures are provided in the remuneration report on pages 24 to 39.

(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.

2010

Name	Balance at the start of the year	Granted as compensation	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	-	700,000
W J McGrath	700,000	-	-	(700,000)	-	-	-
Other key management personnel of the Group							
D W Staunton	60,000	240,000	-	(300,000)	-	-	-
P O Depiazzi	500,000	-	-	-	500,000	-	500,000
B McDonald	-	300,000	-	-	300,000	-	300,000
B D Praetz	300,000	-	(300,000)	-	-	-	-

Mr W J McGrath and B D Praetz terminated employment on 14 May 2010 and 30 June 2010 respectively. The options granted to Mr W J McGrath and B D Praetz lapsed on termination.



Note 25 : Key Management Personnel continued

2009

Name	Balance at the start of the year	Granted as compensation	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	-	700,000
W J McGrath	-	700,000	-	-	700,000	-	700,000
P W Guy	1,743,967	-	-	(1,743,967)	-	-	-
Other key management personnel of the Group							
D W Staunton	-	60,000	-	-	60,000	-	60,000
B D Praetz	-	300,000	-	-	300,000	-	300,000
P O Depiazzi	-	500,000	-	-	500,000	-	500,000
G A Dower	270,000	120,000	-	(390,000)	-	-	-

Mr G A Dower tendered his resignation on 13 January 2009 and terminated employment on 10 July 2009. The options granted to Mr Dower lapsed on termination.

(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.

NOTES TO THE FINANCIAL STATEMENTS

Note 25 : Key Management Personnel continued

2010

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					
R L Blair	182,823	-	44,761	227,584	227,584
P J Slaughter	120,127	-	40,750	160,877	160,877
W J McGrath	1,602,127	-	(1,602,127)	-	-
A J Thomas	2,967,000	-	77,000	3,044,000	3,044,000
Other key management personnel of the Group					
D W Staunton	78,207	-	(78,207)	-	-
B D Praetz	19,900	-	(19,900)	-	-
P O Depiazzi	200,000	-	-	200,000	200,000
B McDonald	-	-	-	-	-
P A Robinson	-	-	7,500	7,500	7,500

2009

Directors of Nomad Building Solutions Limited					
Ordinary shares					
R L Blair	182,823	-	-	182,823	182,823
P J Slaughter	60,127	-	60,000	120,127	120,127
P G Abery	-	-	-	-	-
G L Allen	150,048	-	(150,048)	-	-
W J McGrath	2,002,127	-	(400,000)	1,602,127	-
A J Thomas	2,765,000	-	202,000	2,967,000	2,862,000
P W Guy	2,372,397	-	(2,372,397)	-	-
Other key management personnel of the Group					
D W Staunton	-	-	78,207	78,207	78,207
B D Praetz	-	-	19,900	19,900	8,200
P O Depiazzi	-	-	200,000	200,000	200,000
M P Lilly	-	-	-	-	-
G A Dower	20,604	-	81,452	102,056	102,056
P S Hatt	53,946	-	-	53,946	53,946



Note 25 : Key Management Personnel continued

(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 2010 or 30 June 2009.

(d) Other transactions with key management personnel

A former director, Mr W J McGrath, is a director of Delawney Holdings Pty Ltd. Nomad Building Solutions Limited has rented premises from Delawney Holdings Pty Ltd since December 2006. The rental agreement is based on normal commercial terms and conditions.

A director, Mr A J Thomas, is a director of Hamersley Pty Ltd. Rapley Wilkinson Pty Ltd has rented premises from Hamersley Pty Ltd since March 2008. The rental agreement is based on normal commercial terms and conditions.

Mr A J Thomas is a director of a number of entities that contract the services of Rapley Wilkinson Pty Ltd and Rapley Wilkinson Property Pty Ltd to construct and project manage property developments on behalf of the director related entities. The price and fees payable by the director related entities are based on normal commercial terms.

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

	Consolidated	
	2010	2009
	\$	\$
Amounts recognised as revenue		
Sales revenue for construction	-	2,709,335
Sales revenue for project management fees	16,000	667,862
Amounts recognised as expense		
Rent of premises	528,046	571,107
Amounts recognised as receivables		
Trade receivables	-	124,862
Amounts recognised as payables		
Due to vendor on acquisition	-	-
Trade creditors and other payables	129,801	160,005
Amounts recognised as work in progress		
Work in progress	-	-
Amounts recognised as accrued		
Accrued income	82,075	961,821

NOTES TO THE FINANCIAL STATEMENTS

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	
	2010 \$	2009 \$
BDO Audit (WA) Pty Ltd		
(a) Audit services		
Audit and review of financial statements	163,000	128,400
Other assurance services	8,900	11,225
Total remuneration for audit and other services	171,900	139,625

Tax advice and due diligence services have been provided by other chartered accounting firms not associated with BDO Audit (WA) Pty Ltd during the year.

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 \$6,000,000 (2009: \$1,000,000).

Contingent instruments

The Group had outstanding guarantees to the value of \$24,138,000 (2009: \$23,377,000) 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 2010 (2009: nil).



Note 28 : Commitments

(a) Capital Commitments

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

	Consolidated	
	2010 \$'000	2009 \$'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

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:

Within one year	6,847	3,896
Later than one year but not later than five years	8,835	10,106
Greater than five years	5,143	7,205
	20,825	21,207
Representing:		
Cancellable operating leases	213	181
Non-cancellable operating leases	20,612	21,026
	20,825	21,207

The Group leases various offices and warehouses under non-cancellable operating leases 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.

The Group also leases various plant and equipment under cancellable operating leases. The Group is required to provide one months notice for termination of these leases.

NOTES TO THE FINANCIAL STATEMENTS

Note 28 : Commitments continued

(c) Finance leases (hire purchase)

	Note	Consolidated	
		2010 \$'000	2009 \$'000
Commitments for minimum lease payments in relation to finance leases are payable as follows:			
Within one year		12,350	15,288
Later than one year but not later than five years		-	12,348
		12,350	27,636
Future finance charges on hire purchase liabilities		(508)	(1,855)
		11,842	25,781
Representing hire purchase liabilities:			
Current	17	11,842	13,792
Non-current	19	-	11,989
		11,842	25,781

The weighted average interest rate implicit in the leases is 7.28% (2009: 7.4 %).

The above finance lease commitments are for repayment of hire purchase loans drawn down for the purchase of property plant and equipment, including hire buildings. The loan terms are between three and five years.

(d) Sub-lease payments

Future minimum lease payments expected to be received in relation to non cancellable sub-leases of operating leases		251	-
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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 31.

(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 : Business Combinations

During the year the Group acquired the steel framing, painting and concrete slab manufacturing assets and business of Residential Truss Systems Pty Ltd. The Group made no acquisitions during the 2009 year, though some costs associated with acquisitions made in the 2008 financial year flowed through into the 2009 financial year (\$4,212,000). Details of the acquisition for 2010 are set out below.

2010

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 is expected to secure supply and reduce costs of key manufacturing inputs to the transportable building 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 and note 15)	363

(b) Purchase consideration

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

Cash consideration	1,487
Outflow of cash	1,487

NOTES TO THE FINANCIAL STATEMENTS

Note 30 : Business Combinations continued

(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 Group business.

Acquisition related costs

Acquisition-related costs of \$87,000 are included in the other expenses of the statement of comprehensive income.

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.

Cashflow information

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



Note 31 : 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	
			2010 %	2009 %
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 32 : Segment Reporting

(a) Description of segments

The Group has adopted AASB 8 Operating Segments from 1 July 2009 whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (the Board). This has resulted in an increase in the number of reportable segments but has had no impact on the allocation of goodwill to cash-generating units and no additional goodwill impairment has resulted from the application of the new standard. Comparatives for 2009 have been restated on this basis.

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 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 and management of the Group, the results of which are not separately disclosed to the Board. The Group operate in one geographical area being Australia.

NOTES TO THE FINANCIAL STATEMENTS

Note 32 : Segment Reporting continued

(b) Segment information provided to the Board

Segment information provided to the Board for the year ended 30 June 2010 is as follows:

2010	Transportable	Construction	Other	Total
Segment Revenue				
Total segment revenue	146,649	76,658	1,305	224,612
Inter-segment revenue	(522)	(1,077)	-	(1,599)
Segment revenue from external customers	146,127	75,581	1,305	223,013
EBITDA				
Interest revenue	85	40	17	142
Interest expense	1,259	2 163	1,424	
Depreciation and amortisation	7,980	320	1,206	9,506
Impairment	34,386	17,257	2,290	53,933
Segment Assets and Liabilities				
Segment assets	90,646	27,028	9,483	127,157
Segment liabilities	35,714	15,347	3,788	54,849
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	1,573	367	2,229	4,169

Segment information provided to the Board for the year ended 30 June 2009 is as follows:

2009				
Segment Revenue				
Total segment revenue	334,386	96,284	-	430,669
Inter-segment revenue	(10,194)	(5,533)	-	(15,727)
Segment revenue from external customers	324,191	90,751	-	414,942
EBITDA				
Interest revenue	255	60	40	355
Interest expense	2,505	-	831	3,336
Depreciation and amortisation	8,780	314	1,027	10,120
Impairment - due to change in global economic climate	-	6,852	-	6,852
Segment Assets and Liabilities				
Segment assets	151,514	51,338	15,820	218,671
Segment liabilities	59,718	14,982	4,723	79,424
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	12,104	275	13,206	25,585



Note 32 : Segment Reporting continued

(c) 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 accounting policy 1(d).

Segment revenue reconciles to total revenue from continuing operations as follows:

	Consolidated	
	2010 \$'000	2009 \$'000
Total segment revenue	223,013	414,942
Interest revenue	142	355
Total revenue from continuing operations (refer Note 4)	223,155	415,297

(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 as interest revenue and interest expense and unrealised gains/losses on financial instruments, which are considered part of the treasury function.

This performance measure is different to prior periods which reflected segment result based on net profit before taxation.

EBITDA reconciles to operating profit before income tax as follows:

EBITDA	(2,512)	41,595
Inter-segment eliminations	(420)	(1,242)
Interest revenue	142	355
Interest expense	(3,010)	(3,336)
Depreciation	(9,185)	(9,161)
Amortisation	(321)	(959)
Impairment	(53,933)	(6,852)
Share-based payments	171	972
(Loss) / Profit before income tax	(69,068)	21,372

NOTES TO THE FINANCIAL STATEMENTS

Note 32 : Segment Reporting 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	
	2010	2009
	\$'000	\$'000
Segment assets	127,157	218,671
Inter-segment eliminations	(9,804)	(1,292)
Current tax asset	1,611	1,462
Deferred tax assets	7,265	1,427
Total assets per statement of financial position	126,229	220,268

(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:

Segment liabilities	54,849	79,424
Inter-segment eliminations	(145)	(2,576)
Secured bank loan	15,000	20,733
Deferred tax liabilities	296	65
Total liabilities per statement of financial position	70,000	97,646

Note 33 : Events Occurring After The Statement Of Financial Position Date

On 19 July 2010 the Board appointed Michael Bourke as Managing Director of Nomad Building Solutions Ltd. Effective from this date Richard Blair ceased being an Executive Director and returned to his role as non-executive Chairman.



Note 34 : Reconciliation Of Profit After Income Tax To Net Cash Inflow From Operating Activities

	Consolidated	
	2010 \$'000	2009 \$'000
(Loss) / Profit for the year	(63,591)	13,287
Add back items:		
Depreciation and amortisation	9,506	10,120
Impairment charge	53,933	6,852
Dividend and interest income	(142)	(355)
Written down value of non-current assets sold	9,504	3,861
Share-based payments	(171)	(972)
Doubtful debts	65	214
Change in operating assets and liabilities:		
Decrease in trade debtors	20,724	9,884
(Increase) / decrease in inventories	(7,019)	15,242
(Increase) in other operating assets	(199)	(110)
(Increase) / decrease in deferred tax asset	(5,838)	354
Increase / (Decrease) increase in other provisions	4,786	(671)
(Decrease) in trade creditors	(12,838)	(22,254)
(Decrease) in provision for income taxes	149	(5,300)
Increase / (decrease) in provision for deferred tax liability	231	(288)
Net cash inflow from operating activities	9,100	29,864

Note 35 : Non-Cash Investing And Financing Activities

Issue of shares under dividend reinvestment plan	801	1,382
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NOTES TO THE FINANCIAL STATEMENTS

Note 36 : Earnings Per Share

		Consolidated	
		2010 Cents	2009 Cents
(a)	Basic (loss) / earnings per share before goodwill impairment	(9.4)	14.8
(b)	Basic (loss) / earnings per share	(46.1)	9.8
(c)	Diluted (loss) / earnings per share	(46.1)	9.6
(d)	Reconciliations of (loss) / earnings used in calculating earnings per Share		
	Basic and diluted (loss) / earnings per share:	\$'000	\$'000
	(Loss) / Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share before goodwill impairment	(13,002)	20,139
	(Loss) / Profit attributable to the ordinary equity holders of the Company used in calculating basic (loss) / earnings per share	(63,591)	13,287
	(Loss) / Profit attributable to the ordinary equity holders of the Company used in calculating diluted (loss) / earnings per share	(63,591)	13,287
(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	137,873,902	135,914,974
	Weighted average number of shares used as the denominator in calculating basic earnings per share	137,873,902	135,914,974
	Adjustment for calculation of diluted earnings per share for options	-	2,591,346
	Weighted average number of shares used as the denominator in calculating diluted earnings per share	137,873,902	138,506,320
(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 37.

Note 37 : 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 to deliver superior long-term shareholder returns.



Note 37 : Share-Based Payments continued

For all plans:

- The options can only be exercised if the employees are still employed by the Group.
- Options issued under the 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. The plan 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.

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.

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 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. Since the criteria were set, the Company's share price has slightly underperformed the ASX 300 AI. Using performance as a proxy for ranking, the Company is close to the minimum hurdle for options to become exercisable.

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.

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) 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 ASX 300 AI from the issue date.

NOTES TO THE FINANCIAL STATEMENTS

Note 37 : Share-Based Payments continued

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 \$0.55 was established as the volume weighted average price (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.

There is insufficient data available at this point in time to provide a reasonable commentary on the likelihood of options in this plan vesting.

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

2010

Issue Date	Expiry Date	Exercise Price	Balance at start of the year \$ Number	Issued during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
26/09/07	25/09/11	\$1.15	180,000	-	-	(180,000)	-	-
26/09/08	25/09/12	\$1.15	80,000	-	-	(80,000)	-	-
26/02/09	26/02/13	\$0.81	1,990,000	-	-	(1,130,000)	860,000	-
29/04/09	28/04/14	\$0.55	800,000	-	-	(300,000)	500,000	-
13/10/09	28/04/14	\$0.75	-	240,000	(240,000)	-	-	-
01/03/10	28/04/14	\$0.75	-	300,000	-	-	300,000	-
Total			3,050,000	540,000	-	(1,930,000)	1,660,000	-
Weighted average exercise price			\$0.77	\$0.75	-	\$0.90	\$0.72	-



Note 37 : Share-Based Payments continued

2009

Issue Date	Expiry Date	Exercise Price \$	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
26/09/07	25/09/11	\$1.15	970,000	-	-	(790,000)	180,000	-
26/11/07	25/11/11	\$1.15	1,743,967	-	-	(1,743,967)	-	-
26/09/08	25/09/12	\$1.15	-	200,000	-	(120,000)	80,000	-
26/02/09	26/02/13	\$0.81	-	1,990,000	-	-	1,990,000	-
29/04/09	28/04/14	\$0.55	-	800,000	-	-	800,000	-
Total			2,713,967	2,990,000	-	(2,653,967)	3,050,000	-

Weighted average exercise price	\$1.15	\$0.76	-	\$1.15	\$0.77	-
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The weighted average remaining contractual life of share options outstanding at the end of the period was 3.1 years (2009: 3.8 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 2009 included:

	Long Term Incentive Option Plan 2006	Long Term Incentive Plan 2008	Long Term Executive Incentive Plan 2009
Consideration	Nil	Nil	Nil
Vesting / Exercise conditions	See Vesting Conditions Below	See Exercise Conditions Below	See Vesting Conditions Below
Exercise price	\$1.15	\$0.81	\$0.55
Issue date	26 September 2008	26 February 2009	29 April 2009
Expiry date	25 September 2012	25 February 2013	28 April 2014
Share price at issue date	\$1.57	\$0.185	\$0.51
Expected price volatility of Company's shares	40%	90%	75%
Risk free interest rate	5.34%	3.51%	3.92%
Fair Value	\$0.10	\$0.022	\$0.0604

NOTES TO THE FINANCIAL STATEMENTS

Note 37 : Share-Based Payments continued

The valuation model inputs for options issued during the year ended 30 June 2010 included:

	Long Term Executive Incentive Plan 2009
Consideration	Nil
Vesting / Exercise conditions	See Vesting Conditions Below
Exercise price	\$0.75
Issue date	1 March 2010
Expiry date	28 April 2014
Share price at issue date	\$0.26
Expected price volatility of Company's shares	75%
Risk free interest rate	4.00%
Fair Value	\$0.0235

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.

Exercise Conditions

2008 Long Term Incentive Plan

Based equally over 3 years on Nomad Building Solutions Limited's Earnings Per Share and Total Shareholder Return ranked against the ASX 300 AI. Options vest automatically in 3 equal tranches; exercise of options is cumulative with options not exercisable in one year being exercisable in subsequent year if hurdles are met on a cumulative basis.

The expected price volatility is based on the 24 month historic volatility notwithstanding the fact that it may not be a representative indicator of future volatility.

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	
	2010	2009
	\$'000	\$'000
Options issued under employee option plan	(171)	(972)
Total options expense	(171)	(972)



Note 38 : 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' report 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 39 : Parent Entity Summary

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

		Parent entity	
	Note	2010 \$	2009 \$
Net (loss) / profit and total comprehensive (expense) / Income attributable to members of Nomad Building Solutions Limited		(58,953)	24,389
Total current assets		2,000	47,329
Total non-current assets		82,770	94,093
Total assets		84,770	141,422
Total current liabilities		16,619	18,807
Total non-current liabilities		8,013	
Total liabilities		24,632	18,807
Net assets		60,138	122,615
Equity			
Contributed equity	22	94,296	93,495
Reserves	23	30	201
(Accumulated Losses) / Retained profits	23	(34,188)	28,919
Total equity		60,138	122,615

NOTES TO THE FINANCIAL STATEMENTS

Note 39 : Parent Entity Summary continued

	Parent entity	
	2010 \$'000	2009 \$'000
Operating lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	224	215
Later than one year but not later than five years	601	825
	825	1,040
Representing:		
Non-cancellable operating leases	825	1,040
	825	1,040

As per note 38 the Group operates under a deed of cross guarantee, under which the Company guarantees the debts of other companies. The total liability of all other subsidiaries was \$53,085,000 (2009: \$76,770,000).

The Parent entity had no other capital commitments or contingent liability at 30 June 2010 (2009: nil).

DIRECTORS' DECLARATION



Directors' Declaration

The directors of the Company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, 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 consolidated entity's financial position as at 30 June 2010 and of the performance for the year ended on that date.
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 remuneration disclosures included in pages 24 to 39 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2010, comply with section 300A of the Corporations Act 2001.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.
5. The Company has included in the notes to the 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 38.

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:

Richard Blair

Chairman

Perth

7 September 2010

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

We have audited the accompanying financial report of Nomad Building Solutions Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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 opinions.

Independence

In conducting 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 would be in the same terms if it had been given to the directors at the time that this auditor's report was made.



Auditor's 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 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 (a) of financial report which indicates that the group's banking facilities are currently in the process of being renewed. If the group is unable to obtain continued financial support of its financiers, or obtain alternative finance, this condition, along with other matters as set forth in Note 1 (a), will indicate the existence of a material uncertainty which may cast significant doubt about 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 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 2010. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Nomad Building Solutions Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

Glyn O'Brien
Director

Perth, Western Australia
Dated 7 September 2010

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 30 September 2010.

A. Distribution of equity securities

Spread of Holdings	Ordinary Shares		Options	
	Number of Holders	Shares	Number of Holders	Options
1 - 1,000	356	178,634	-	-
1,001 - 5,000	1,084	3,354,794	-	-
5,001 - 10,000	816	6,699,692	-	-
10,001 - 100,000	1,612	53,819,968	3	160,000
100,001 -	185	74,085,888	2	800,000
Total on register	4,053	138,138,976	5	960,000

There were 870 holders of less than a marketable parcel of 3,226 ordinary shares.

B. Equity security holders

20 largest quoted equity security holders as at 30 September 2010 are listed below:

Shareholder	Fully Paid Ordinary Shares	
	Holding	%
1. Mr Kai Lui	5,000,000	3.62%
2. J P Morgan Nominees Australia Ltd	2,514,032	1.82%
3. Mr Alan Thomas (Alan Thomas Family Acc)	2,267,000	1.64%
4. Mrs Kellie Anne Strachan	2,261,000	1.64%
5. Mrs Penny Hung	1,994,772	1.44%
6. Atlantic Investment Australia Pty Ltd	1,895,503	1.37%
7. Jix Pty Ltd (The VP Nolan Super Fund)	1,650,000	1.19%
8. Mr Iain Robert McEwin	1,400,000	1.01%
9. Mr Nikolay Sobolev & Mrs Faina Sobolev (Sobolev Super Fund Acc)	1,394,565	1.01%
10. Etrade Australia Nominees Pty Ltd	1,377,500	1.00%
11. Duporte Corporation Pty Ltd	1,250,000	0.90%
12. Super Pipeline Pty Ltd (Pipeline Super Fund Acc)	1,215,000	0.88%
13. Rockingham Park Pty Ltd	1,200,000	0.87%
14. HSBC Custody Nominees Australia Ltd	1,175,932	0.85%
15. Mr Oscar Romeo Guglielmin & Mrs Eleanor Claire Guglielmin (Guglielmin Family No.1 Acc)	1,159,163	0.84%



Shareholders (continued)	Fully Paid Ordinary Shares	
	Holding	%
16. William Taylor Nominees Pty Ltd	1,150,000	0.83%
17. Mr Andrei Mazourenko & Mrs Elena Mazourenko	1,055,000	0.76%
18. Mr Ho-Tsao Kao	1,031,481	0.75%
19. Mr Paul Michael Guiniven	1,025,457	0.74%
20. Mr Andrei Mazourenko & Mrs Elena Mazourenko (Mazourenko Family Super Fund Acc)	1,022,041	0.74%
	33,038, 446	23.91%

C. Substantial shareholders

Based on most recent notices lodged, there were no substantial shareholders in the Company at 30 September 2010.

D. Voting rights

Every member present at a meeting of the Company in person, or proxy shall have one vote and upon a poll each share shall have one vote.

CORPORATE DIRECTORY

NOMAD BUILDING SOLUTIONS LIMITED

ABN 52 117 371 418

Directors

Mr Richard Blair (Chairman)
Mr Michael Bourke (Managing Director)
Mr Peter Abery (Non-executive Director)
Mr Peter Slaughter (Non-executive Director)

Chief Financial Officer

Mr Paul Depiazzi

Company Secretaries

Mr Paul Depiazzi
Mr Paul Robinson

Principal Registered Office in Australia

65 Burswood Road, Burswood WA 6100

Website

www.nomadbuildingsolutions.com.au

Share Registry Services

Security Transfer Registrars Pty Limited
770 Canning Highway, Applecross WA 6153
Telephone: (08) 9315 2333
Email: registrar@securitytransfer.com.au
Website: www.securitytransfer.com.au

Auditors

BDO Audit (WA) Pty Ltd

Solicitors

Norton Rose
Jackson McDonald

Bankers

Westpac Banking Corporation Limited

Australian Securities Exchange Listing

Nomad Building Solutions Limited's shares are listed on the Australian Securities Exchange – ASX Code: NOD



nomad

building solutions limited

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Nomad Building Solutions

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