nomad building solutions limited

Appendix 4E – Preliminary Final Report

30 June 2015

APPENDIX 4E – PRELIMINARY FINAL REPORT
30 JUNE 2015

Appendix 4E – Lodged with ASX under listing rule 4.3A

CONTENTS

PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2015

APPENDIX 4E

Compliance statement

1. This report, and the accounts upon which this report is based, have been prepared in accordance with AASB Standards.

2. This report, and the accounts upon which the report is based, use the same accounting policies.

3. This report gives a true and fair view of the matters disclosed.

4. This report is based upon accounts to which one of the following applies:

☐	The accounts have been audited.	☐	The accounts have been subject to review.
✔	The accounts are in the process of being audited or subject to review.	☐	The accounts have *not* yet been audited or reviewed.

5. The entity has a formally constituted audit committee.

Report for the year ended 30 June 2015

This statement includes the results for Nomad Building Solutions Limited and its controlled entities, for the year ended 30 June 2015 (current period) compared with the year ended 30 June 2014 (prior period). The financial results of Nomad Building Solutions Limited and its controlled entities are prepared in accordance with Australian International Financial Reporting Standards (AIFRS). This report is based on financial accounts which are in the process of being audited.

Results for Announcement to the Market

		2015 $'000	2014 $'000
Revenue from continuing operations	↑ 112%	80,272	37,940
Loss from continuing operations before tax	↓ 13,261%	(23,381)	(175)
Loss from continuing operations after tax	↓ 13,261%	(23,381)	(175)
Net loss attributable to members of Nomad Building Solutions Limited	↓ 269%	(25,385)	(6,887)
		2015 $	**2014 $**
Net Tangible Assets per ordinary shares	↓ 60%	0.02	0.05

Dividends	**Amount per Security**	**Franked Amount per Security**
Final dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Payment date of dividend	N/A	N/A
Record date for determining entitlements to the dividend		N/A
Date for receipt of dividend reinvestment plan notices		N/A

Control gained over entities having material effect

During the year ended 30 June 2015 the Company gained control over Bloomer Constructions (Qld) Pty Limited having a material effect on the financial results and financial position of the Consolidated Entity.

Loss of control of entities having material effect

During the year ended 30 June 2015 there was no loss of control over entities having a material effect on the financial results and financial position of the Consolidated Entity.

COMMENTARY ON RESULTS FOR THE YEAR

HIGHLIGHTS

- **Revenue of $80.3m (FY14: $37.9m)**
- **Normalised EBITDA loss from continuing operations of $0.8m (FY14: loss $0.2m)**
- **Successful acquisition of Bloomer Construction contributes $1.6m to FY15 EBITDA**
- **Profitable trading from McGrath Modular, contributes EBITDA of $0.4m in H2 FY2015**
- **Legacy items fully provided for with two remaining items expected to be closed out by November 2015**
- **Return to group profitability anticipated in FY2016**
- **The Board re-iterates its commitment towards the resumption of dividends, with available franking credits of $17.8m**

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

Following the acquisition of Bloomer Constructions (Qld) Pty Limited (Bloomer) during the year ended 30 June 2015 continuing operations at 30 June 2015 comprise McGrath Modular (formerly McGrath Homes), Nomad Properties and Bloomer.

The Company is undertaking no new activities in the operations it closed in earlier periods, namely Nomad Modular Building (NMB) in June 2012, Nomad Eastern States (NES) in October 2013 and Rapley in December 2013. The process of ceasing the activities of these businesses was significantly advanced in the course of the year ended 30 June 2015 and all legacy activities are expected to cease by November 2015.

Revenue from continuing operations for the year ended 30 June 2015 was $80.3m, including $58.0m from Bloomer whose revenues were included with those of the consolidated group from 1 March 2015.

REVENUE FROM CONTINUING OPERATIONS

	Consolidated Continuing Operations $'000
Revenue from businesses controlled throughout the financial year	**22,296**
Revenue from businesses acquired during the financial year	**57,976**
Total Consolidated revenue from continuing operations	**80,272**

Net loss after tax attributable to members for the year ended 30 June 2015 was $25.4m (2014: $6.9m).

Normalised net loss after tax from continuing operations excluding unusual items (costs and fees in relation to acquisition related activities and goodwill/asset impairments – detailed below) was $1.5m.

COMMENTARY ON RESULTS FOR THE YEAR (continued)

NORMALISED NET LOSS & EBITDA

	Consolidated Continuing Operations $'000	Discontinued Operations $'000	Total $'000
Statutory IFRS loss (net of tax) attributable to members	**(23,381)**	**(2,004)**	**(25,385)**
Unusual Items			
Add-back:			
IFRS charges in relation to Bloomer acquisition	**1,238**	**-**	**1,238**
Professional costs in relation to Bloomer acquisition	**454**	**-**	**454**
Goodwill impairment (McGrath)	**15,116**	**-**	**15,116**
Leasehold development cost impairment (Nomad Properties)	**3,169**	**-**	**3,169**
Investment property impairment (Nomad Properties)	**1,878**	**-**	**1,878**
Asset impairments, discontinued entities	**-**	**518**	**518**
WIP impairment, discontinued entities	**-**	**632**	**632**
Normalised non IFRS loss (net of tax) attributable to members	**(1,526)**	**(854)**	**(2,380)**
Add-back:			
Depreciation	**602**	**20**	**622**
Finance Costs	**100**	**-**	**100**
Normalised EBITDA	**(824)**	**(834)**	**(1,658)**

Normalised EBITDA from continuing operations for the year ended 30 June 2015 was a loss of $0.8m. The Board are pleased to note that normalised EBITDA from continuing operations for the second half of the financial year was a profit of $0.6m reflecting not just the acquisition of Bloomer Construction but also a nascent recovery in trading at McGrath Modular.

McGrath Modular

FY 2015 Review
The business trading as McGrath Homes has been rebranded McGrath Modular to better reflect the breadth of its activities and capabilities. This followed an extensive review of operations during the first half which included the $15.1m non-cash write down of goodwill in this business. Despite the general downturn in the Western Australian market McGrath Modular traded profitably throughout the second half of the financial year generating a H2 EBITDA of $0.4m.

Outlook
As detailed in the notes to the accompanying financial statements and advised to the market in our announcement of 21 August 2015, the $25m sub-contract win for 50 modular houses in Onslow underpins and enhances the outlook for continued growth in profitability for the coming financial year. McGrath and Nomad are currently tendering on a number of high value projects which if converted will add materially to FY16 performance.

Bloomer Constructions

FY 2015 Review
Bloomer joined the Group on 1 March 2015 and contributed revenue and EBITDA of $58.0m and $1.6m respectively for the four month period ending 30 June 2015.

Outlook
Bloomer is expected to continue to deliver similar or greater profitability due to a strong pipeline of opportunities in hand. Currently it has approximately $200m of work in hand (consisting of 234 jobs) and $8m in work won but not yet commenced (compared with $158m work in hand and $68m of work won but not yet started in February 2015). Bloomer is expected to generate FY 16 revenues in excess of $150m while leveraging NBS management and board relationships as well as NBS's balance sheet to pursue value enhancing projects and development opportunities.

COMMENTARY ON RESULTS FOR THE YEAR (continued)

Nomad Property

FY 2015 Review

Nomad Properties operating asset, a 56 room accommodation facility (King Village) in Karratha WA, achieved an average occupancy of 41% for the year ended 30 June 2015. Based on lower historical occupancy and room rates an impairment charge of $1.88m was booked in this business at the half year. Full year EBITDA was a breakeven position.

Outlook

The business is likely to see a slight improvement in trading in the 2016 financial year due to a reduction in the stock of transient worker accommodation in Karratha following the closure of one of the areas larger facilities. The Board is reviewing third party interest in this asset due to the determination of its non-core nature.

Rounding of Amounts

The Consolidated entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial information and the commentary on results have been rounded off to the nearest $1,000.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Revenue from continuing operations	1	**80,272**	37,940
Other income / (loss)	2	**(378)**	(58)
Raw materials, consumables and contract labour		**(70,504)**	(28,170)
Employee benefits expense	3	**(5,246)**	(4,746)
Depreciation and amortisation expense	3	**(1,368)**	(1,040)
Borrowing cost expense	3	**(100)**	(66)
Operating lease costs	3	**(1,340)**	(1,451)
Corporate and administration expenses	3	**(2,521)**	(1,691)
Impairment expense	3	**(21,137)**	-
Other expenses		**(1,059)**	(893)
(Loss) before income tax		**(23,381)**	(175)
Income tax (expense)		**-**	-
Net (loss) after income tax from continuing operations		**(23,381)**	(175)
(Loss) from discontinued operations net of income tax	13	**(2,004)**	(6,712)
Total comprehensive (loss) for the year attributable to members of Nomad Building Solutions Limited		**(25,385)**	(6,887)
Loss Per Share attributable to the members of Nomad Building Solutions Limited			
Basic loss per share	17	**(8.2)**	(2.5)
Diluted loss per share	17	**(8.2)**	(2.5)
Continuing Operations			
Basic loss per share	17	**(7.6)**	(0.06)
Diluted loss per share	17	**(7.6)**	(0.06)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30 June 2015

	Note	2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**5,680**	6,544
Cash held in trust		**2,906**	1,760
Trade and other receivables		**25,333**	2,741
Inventories		**14,878**	2,554
Non-current assets held for sale	4	**1,716**	1,800
Current tax asset		**62**	-
Intangible assets	8	**212**	-
Total current assets		**50,787**	15,399
Non-current assets			
Property, plant and equipment	5	**2,348**	3,519
Investment property	6	**536**	2,541
Leasehold development costs	7	**-**	3,169
Deferred tax assets		**123**	20
Intangible assets	8	**4,194**	16,416
Total non-current assets		**7,201**	25,665
Total assets		**57,988**	41,064
LIABILITIES			
Current liabilities			
Trade and other payables		**30,623**	4,626
Deferred income		**2,848**	1,874
Interest bearing liabilities	9	**3,164**	-
Provisions		**2,457**	4,189
Total current liabilities		**39,092**	10,689
Non-current liabilities			
Deferred tax liabilities		**123**	20
Interest bearing liabilities	9	**101**	-
Provisions		**1,469**	-
Other financial liabilities	10	**2,348**	-
Total non-current liabilities		**4,041**	20
Total liabilities		**43,133**	10,709
Net assets		**14,855**	30,355
EQUITY			
Contributed equity	11	**117,486**	107,773
Reserves		**172**	106
(Accumulated losses)		**(102,803)**	(77,524)
Total equity		**14,855**	30,355

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2015

	Note	Contributed Equity $'000	Share Based Payment Reserve $'000	Option Reserve $'000	(Accumulated Losses) $'000	Total $'000
Balance at 1 July 2013		107,773	-	98	(70,637)	37,234
Total comprehensive loss for year ended 30 June 2014		-	-	-	(6,887)	(6,887)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs		-	-	-	-	-
Employee share options		-	-	8	-	8
Balance as at 30 June 2014		107,773	-	106	(77,524)	30,355
Total comprehensive loss for year ended 30 June 2015		**-**	**-**	**-**	**(25,385)**	**(25,385)**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs		**9,713**	**-**	**-**	**-**	**9,713**
Equity settled share based payment		**-**	**127**	**-**	**-**	**127**
Employee share options issued		**-**	**-**	**45**	**-**	**45**
Employee share options lapsed		**-**	**-**	**(106)**	**106**	**-**
Balance as at 30 June 2015		**117,486**	**127**	**45**	**(102,803)**	**14,855**

The above consolidated 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 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**63,618**	62,141
Payments to suppliers and employees (inclusive of GST) **		**(68,745)**	(65,644)
Cash generated from operations		**(5,127)**	(3,503)
Interest paid		**(100)**	(66)
Income taxes received/(paid)		**(119)**	-
Net cashflow used in operating activities	16	**(5,346)**	(3,569)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired **	10	**2,247**	-
Payment for leasehold development asset		**(2,910)**	-
Payments for property, plant and equipment		**(85)**	(224)
Proceeds from sale of property, plant and equipment		**253**	587
Transfer (to) / from Cash Held in Trust		**(326)**	4,634
Interest received		**76**	186
Net cash inflow from investing activities		**(745)**	5,183
Cash flows from financing activities			
Net proceeds from borrowings		**2,265**	-
Proceeds from the issue of shares, net of transaction costs		**3,211**	-
Repayment of hire purchase and lease payments		**(249)**	-
Net cash inflow from financing activities		**5,227**	-
Net increase / (decrease) in cash and cash equivalents		**(864)**	1,614
Cash and cash equivalents at the beginning of the financial year		**6,544**	4,930
Cash and cash equivalents at the end of the financial year		**5,680**	6,544

** Included within investing activities above is $3.7m of cash acquired on the acquisition of Bloomer Constructions (Qld) Pty Ltd. This represents cash generated from the pre-acquisition operating activities of Bloomer. Post-acquisition, this cash has been utilised to pay Bloomer suppliers and employees included within the operating cash outflow above.

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

Notes to the Consolidated Financial Statements

NOTE 1 : REVENUE

	Consolidated	
	2015	2014
	$'000	$'000
From continuing operations		
Sales revenue		
Construction contract revenue	**79,788**	36,721
Revenue from the rendering of services including the hire of buildings	**408**	1,051
Other revenue		
Interest	**76**	167
	80,272	37,940

NOTE 2 : OTHER INCOME / (LOSS)

Net (loss) on disposal of property, plant and equipment	**(404)**	(206)
Other	**26**	148
	(378)	(58)

Notes to the Consolidated Financial Statements

NOTE 3 : EXPENSES

	Consolidated 2015 $'000	2014 $'000
(Loss) / Profit before income tax includes the following specific expenses:		
Depreciation & amortisation expense		
Hire assets	**2**	53
Land and buildings	**276**	35
Plant and equipment	**187**	204
Investment property	**137**	748
Amortisation of intangibles	**766**	-
Total depreciation	**1,368**	1,040
Finance costs		
Interest and finance charges paid/payable	**100**	66
Finance costs expensed	**100**	66
Rental expense relating to operating leases		
Minimum lease payments	**1,340**	1,451
Total rental expense relating to operating leases	**1,340**	1,451
Employee benefits expense		
Salary and wages	**4,249**	3,779
Superannuation expense	**196**	327
Share-based payments	**342**	8
Other employee expense	**459**	632
Total employee benefits expense	**5,246**	4,746
Corporate and Administration expenses		
Corporate and administration expenses	**1,650**	1,691
Share based payments	**526**	-
Fair value movement in contingent consideration	**345**	-
Total corporate and administration expense	**2,521**	1,691
Impairment expenses		
Impairment of goodwill (Note 8)	**15,116**	-
Impairment of investment properties (Note 6)	**1,878**	
Impairment of leasehold development costs (Note 7)	**3,169**	
Impairment of trade receivables	**974**	101
Total Impairment expenses	**21,137**	101
Discontinued expenses		
Impairment expenses		
Impairment of assets held for Sale (Note 4)	**400**	557
Impairment of property, plant and equipment (Note 5)	**118**	-
Total Impairment expenses	**518**	557
Onerous Lease Expense		
Impairment of onerous lease	**791**	1,767
Total Onerous Lease expense	**791**	1,767

NOTE 4 : NON-CURRENT ASSETS HELD FOR SALE

Assets classified as held for sale	Consolidated 2015 $'000	2014 $'000
Opening Balance at 1 July	1,800	3,553
Transfer to investment property	-	(3,553)
Transfer from property plant and equipment (Note 5)	316	2,357
Impairment (Note 3)	(400)	(557)
	1,716	1,800

During the year ended 30 June 2015, a house and land at Roma, QLD ($316,000) were reclassified as held for sale. Immediately before transfer the Group remeasured the property at fair value and recognised a loss of $118,000 (Note 5).

Other assets classified as held for sale comprise five strata titled units in Derby WA. During the year ended 30 June 2015 a fair value adjustment of $400,000 was charged as impairment against these units (Note 3).

The fair value of assets classified as held for sale has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

NOTE 5 : PROPERTY, PLANT AND EQUIPMENT

Consolidated	Hire buildings	Land and buildings	Plant and equipment	Total
Year ended 30 June 2014				
Opening net book amount	410	2,704	1,393	4,507
Additions	11	8	175	194
Disposals	(275)	(23)	(487)	(785)
Depreciation charge	(69)	(77)	(251)	(397)
Closing net book amount	76	2,612	831	3,519
At 30 June 2014				
Cost or fair value	96	2,718	1,900	4,714
Accumulated depreciation	(20)	(106)	(1,069)	(1,195)
Net book amount	76	2,612	831	3,519
Year ended 30 June 2015				
Opening net book amount	76	2,612	831	3,519
Acquisition through business combination (Note 10)	-	-	262	262
Additions	-	-	143	143
Disposals	(63)	(162)	(431)	(656)
Transfer to/(from) assets held for resale (Note 4)	-	(316)	-	(316)
Impairment charge (Note 3)	-	(118)	-	(118)
Depreciation charge	(4)	(292)	(189)	(486)
Closing net book amount	9	1,723	616	2,348
At 30 June 2015				
Cost or fair value	19	2,056	1,272	3,347
Accumulated depreciation	(10)	(333)	(656)	(999)
Net book amount	9	1,723	616	2,348

Notes to the Consolidated Financial Statements

NOTE 6 : INVESTMENT PROPERTY

	Consolidated	
	2015	2014
	$'000	$'000
Opening balance at 1 July	**2,541**	-
Transfer from / (to) Assets classified as held for sale	**-**	3,553
Additions	**11**	30
Depreciation for the year	**(138)**	(1,042)
Impairment (Note 3)	**(1,878)**	
Balance at end of year	**536**	2,541

(a) Amounts recognised in profit or loss for investment properties

The following amounts have been recognised in the statement of profit or loss and other comprehensive income in respect of investment property:

	Consolidated	
	2015	2014
	$'000	$'000
Rental income	**410**	896
Direct operating expenses arising from investment property that generated rental income during the year	**(593)**	(1,109)
	(183)	(213)

NOTE 7 : LEASEHOLD DEVELOPMENT COSTS

	Consolidated	
	2015	2014
	$'000	$'000
Opening Balance	**3,169**	2,611
Additions	**-**	558
Impairment (Note 3)	**(3,169)**	
Closing Net Book Amount	**-**	3,169

Nomad Properties, a subsidiary of Nomad Group, has entered into an agreement with the State of Western Australia which provides Nomad with an option to enter into a lease for two plots of land in South Headland. These costs represent architect and design fees and site works on the two plots of land. Based on the significant uncertainty concerning the tenure and development opportunities relating to this asset it has been fully impaired during the year ended 30 June 2015.

Notes to the Consolidated Financial Statements

NOTE 8 : INTANGIBLE ASSETS

Consolidated	Note	Non-current Goodwill $'000	Current Other $'000	Total $'000
Year ended 30 June 2014				
Opening net book amount		16,416	-	16,416
Additions		-	-	-
Impairment charge		-	-	-
Closing net book amount		16,416	-	16,416
At 30 June 2014				
Cost or fair value		88,857	-	88,857
Accumulated amortisation and impairment		(72,441)	-	(72,441)
Net book amount		16,416	-	16,416
Year ended 30 June 2015				
Opening net book amount		**16,416**	**-**	**16,416**
Acquisitions through business combinations	**10**	**2,894**	**978**	**3,872**
Impairment charge	**3**	**(15,116)**	**-**	**(15,116)**
Amortisation	**3**	**-**	**(766)**	**(766)**
Closing net book amount		**4,194**	**212**	**4,406**
At 30 June 2015				
Cost or fair value		**91,751**	**978**	**92,729**
Accumulated amortisation and impairment		**(87,557)**	**(766)**	**(88,323)**
Net book amount		**4,194**	**212**	**4,406**

NOTE 9 : INTEREST BEARING LIABILITIES

	Consolidated 2015 $'000	 2014 $'000
Current Liabilities (repayable within one year)		
Secured bank loans	**3,077**	-
Finance lease liabilities	**61**	-
Other borrowings	**26**	
	3,164	-

	2015 $'000	2014 $'000
Non-current Liabilities (repayable after one year)		
Finance lease liabilities	**101**	-
	101	-

The secured bank loans ($3.1m) are with Australia and New Zealand Banking Group Limited (ANZ) and are secured over related party land, and assets in the course of construction for which Bloomer Constructions is the construction contractor on an arms-length basis. Bloomer Constructions holds a second ranking security over the land and assets, a 32 unit private residential development in metropolitan Brisbane. The nominal interest rate is 1 month BBR plus a margin of 1.5%. Peak indebtedness under the terms of the facility will be $6.9m. Interest charges on the facility are being passed on to the developer in accordance with the development agreement. The facility is repayable on completion of the construction contract.

Included within current assets at 30 June 2015 (trade receivables & inventories) is $4.2m in relation to the construction contract. The corresponding assets, trade receivables and inventory, have been assessed by the directors for impairment as at the date of this report and are considered to be fully recoverable.

Finance lease liabilities relate to items of construction plant and equipment. Non-current finance lease liabilities are repayable within 2-5 years.

Other borrowings relate to insurance premium funding at 30 June 2015.

NOTE 10 : ACQUISITION OF SUBSIDIARY

During the year ended 30 June 2015 the Group acquired 100% of the shares and voting interests in Bloomer Constructions (Qld) Pty Ltd (Bloomer) for consideration of $8,672,718. The results of Bloomer have been consolidated from 1 March 2015 which is the deemed date of effective control. Shareholder approval for the transaction was received on 9 April 2015. Bloomer is a leading private residential and commercial construction business principally operating in south east Queensland and Western Australia.

(a) Revenue and profit contribution

The business contributed revenues of $58m and net profit before tax of $1.6m for the year ended 30 June 2015 before acquisition and integration costs. It is expected that Bloomer would have reported $113m in consolidated revenues and $3m in consolidated net profit after tax attributable to members, for the year ended 30 June 2015 had the acquisition occurred at the beginning of the reporting period.

(b) Consideration transferred

	$'000
Purchase Consideration	
Cash paid	**1,500**
Equity instruments (88,000,000 ordinary shares)	**5,368**
Deferred consideration	**2,003**
Settlement net asset adjustment	**(198)**
Total Purchase Consideration	**8,673**

The fair value of the 88 million ordinary shares issued is based on the listed share price of the Company at 9 April 2015 of $0.061 cents per share. The shares are subject to a 36 month escrow agreement with a third of the shares to be released 12 months from completion, a further third 24 months from completions and the final third 36 months from completion.

(c) Deferred consideration

The Group has agreed to pay the vendor additional consideration of up to 46,153,846 ordinary shares at a deemed issue price of $0.065 cents per share conditional upon Bloomer between 1 March 2015 and 30 June 2017 having achieved an aggregate EBIT of between $5.0m and $8.0m. The full consideration of 46,153,846 ordinary shares will be payable if Bloomer achieves an actual EBIT of $8.0m or more and will be reduced proportionately for each $1, up to a maximum of $3.0m, by which the actual EBIT is less than $8.0m. For example, if the actual EBIT is $7.0m the additional consideration will be 30,769,231 ordinary shares.

The Group has included $2,003,000 as contingent consideration related to the additional consideration which represents its fair value at the acquisition date. The fair value of the contingent consideration is based on the listed share price of the Company at 9 April 2015 of $0.061 cents per share and reflects the Boards expectation of full achievement of $8.0m actual EBIT.

At 30 June 2015, the contingent consideration had increased to $2,348,377.

(d) Acquisition related costs

The Group incurred acquisition related costs of $454,000 on legal fees and other professional services. These costs have been included in corporate and administration expenses.

Mr Wayne Bloomer entered into an executive employment agreement with the Company for a term of five years pursuant to the purchase & sale agreement. The Group has agreed to issue the vendor 30,000,000 ordinary shares at a deemed issue price of $0.05 cents conditional upon Mr Bloomer continuing to be employed under that agreement on 30 June 2017 and Mr Bloomer not having given notice of termination of that agreement. The Company has determined the fair value of the equity settled transaction to be $1,650,000 based upon the listed share price of the Company on the date Mr Bloomer signed the employment agreement. This expense will be accumulated over the vesting period in an equity reserve with a corresponding charge in the income statement for the services rendered. As at 30 June 2015 the share based payment reserve was $127,000.

NOTE 10 : ACQUISITION OF SUBSIDIARY (continued)

(e) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	Fair Value $'000
Cash and cash equivalents	3,747
Cash held in trust	820
Fair valued customer order book	978
WIP & Inventory	6,783
Trade and other receivables	12,714
Property, plant and equipment	262
Trade and other payables	(18,368)
Loans and borrowings	(1,101)
Current taxation liability	(56)
Net identifiable assets acquired	5,779
Add: goodwill	2,894
Net assets acquired	8,673

The fair value of the Bloomer order book has been determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale and a reasonable profit margin. The fair value measurements have been categorised as level 3 fair values based on the inputs to the valuation techniques used. The fair value of other identifiable assets and liabilities assumed has been determined to closely approximate their historical carrying value.

If new information obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the accounting for the acquisition will be revised.

(f) Goodwill

The goodwill is attributable mainly to the design and construction expertise of the Bloomer workforce and the synergies expected to be achieved from integrating the company into the Group's existing business operations. None of the goodwill recognised is expected to be deductible for tax purposes except upon any future sale of the business.

(g) Cash outflow to acquire Bloomer, net of cash acquired

	$'000
Cash paid	(1,500)
Add balances acquired	
Cash & cash equivalents	3,747
Inflow of cash	2,247

Notes to the Consolidated Financial Statements

NOTE 11 : CONTRIBUTED EQUITY

(a) Share Capital

	Notes	Consolidated and Parent entity 2015 Shares	2014 Shares	Consolidated and Parent entity 2015 $'000	2014 $'000
Ordinary shares					
Fully paid	(b), (d), (f)	**454,727,417**	277,479,329	**117,436**	107,773
Partly paid	(c), (d), (f)	**5,000,000**	-	**50**	-
		459,727,417	277,479,329	**117,486**	107,773

(b) Movements in fully paid ordinary share capital

Date	Details	Number of shares	Issue Price	$'000
1 July 2014	Balance	277,479,329		107,773
Shares issued during the year				
	10th October 2014	3,308,088	$0.04884	**162**
	16th October 2014	2,500,000	$0.048	**120**
	Issued in business combination 4th May 2015	88,000,000	$0.061	**5,368**
	Placement 4th May 2015	80,690,000	$0.05	**4,034**
	29th June 2015	2,750,000	$0.069	**189**
Transaction costs relating to share issues				**(210)**
30 June 2015	Balance	**454,727,417**		**117,436**

(c) Movements in partly paid ordinary share capital

Date	Details	Number of shares	Issue Price	$'000
1 July 2014	Balance	-		-
Shares issued during the year				
	04th May 2015 (partly paid $0.01 of $0.05)	5,000,000	$0.05	**50**
30 June 2015	Balance	**5,000,000**		**50**

On 26 February 2015, Heather Gardner and the Company entered into an employment contract pursuant to which Heather Gardner was appointed Chief Executive Officer of the Company. Under the terms of the employment contract Heather Gardner was issued with 5,000,000 shares partly paid to $0.01 per share with $0.04 per share remaining unpaid upon issue. At 30 June 2015 the unpaid amount per share had not been called by the Company.

(d) 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.

(e) 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.

NOTE 11 : CONTRIBUTED EQUITY (continued)

(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.

NOTE 12 : SEGMENT REPORTING

(a) Description of segments

Following a review within the business, 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 two non-executive directors and two executive directors, along with one alternate director for one of the non-executive directors.

The Board considers the business from a product perspective and has identified 3 reporting segments. Transportables consist of all centralised manufacturing operations. The Construction division consists of all operations where the majority of the work is in situ construction. Rental consists of assets where the primary income source is rental yield. The Group operates in one geographical area, being Australia.

(b) Segment information provided to the Board

Segment information provided to the Board for the year ended 30 June 2015 is as follows:

2015	Transportable	Construction	Rental	Total
	$'000	$'000	$'000	$'000
Segment Revenue				
Total segment revenue	21,828	57,961	410	80,199
Inter-segment revenue	-	-	(2)	(2)
Segment revenue from external customers	21,828	57,961	408	80,197
EBITDA	(338)	1,620	(49)	1,233
Interest revenue	11	15	-	26
Interest expense	-	5	2	7
Depreciation and amortisation	419	797	138	1,354
Segment Assets and Liabilities				
Segment assets	11,613	43,565	10,456	65,634
Segment liabilities	2,862	34,122	271	37,255
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	59	1,037	11	1,107

Notes to the Consolidated Financial Statements

NOTE 12 : SEGMENT REPORTING (continued)

(b) Segment information provided to the Board (continued)

Segment information provided to the Board for the year ended 30 June 2014 is as follows:

2014	**Transportable**	**Construction**	**Rental**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Segment Revenue				
Total segment revenue	36,719		1,053	37,772
Inter-segment revenue	-		-	-
Segment revenue from external customers	36,719		1,053	37,772
EBITDA	2,543		389	2,932
Interest revenue	50		1	51
Interest expense	-	-	-	-
Depreciation and amortisation	213	-	801	1,014
Segment Assets and Liabilities				
Segment assets	27,335	3,169	14,923	45,427
Segment liabilities	2,722	-	2,670	5,392
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	177	557	30	764

Notes to the Consolidated Financial Statements

NOTE 12 : SEGMENT REPORTING (continued)

(d) Other segment information

(i) Segment revenue

Inter-segment revenue comprises sales between segments which are on arm's length terms.

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

	Consolidated	
	2015 $'000	2014 $'000
Total segment revenue	**80,197**	37,772
Interest revenue	**75**	167
Total revenue from continuing operations (Note 1)	**80,272**	37,940

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

EBITDA reconciles to operating profit before income tax as follows:

	Consolidated	
	2015 $'000	2014 $'000
Total segment EBITDA	**1,233**	2,932
Revenue not attributable to operating segments	**(36)**	99
Interest Revenue	**76**	167
Finance costs	**(100)**	(66)
Depreciation and amortisation	**(1,368)**	(1,054)
Corporate overhead recharge	**-**	(2,145)
Impairment	**(20,163)**	-
Consultants and legal expenses	**(173)**	(389)
Employee benefits expenses	**(834)**	(1,315)
Other Expenses	**(1,145)**	1,588
Share-based payments	**(871)**	8
Operating (Loss) / Profit before income tax from continuing operations	**(23,381)**	(175)

NOTE 12 : SEGMENT REPORTING (continued)

(d) Other segment information (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	
	2015 $'000	2014 $'000
Segment assets	**65,634**	45,427
Inter-segment eliminations	**(13,719)**	(10,343)
Current tax asset	**62**	-
Deferred tax assets	**123**	20
Non-segment assets	**5,888**	5,960
Total assets per statement of financial position	**57,988**	41,064

(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:

	Consolidated	
	2015 $'000	2014 $'000
Segment liabilities	**37,255**	5,392
Inter-segment eliminations	**(13,719)**	-
Secured bank loan	**-**	-
Deferred tax liabilities	**123**	20
Non-segment liabilities	**19,474**	5,297
Total liabilities per statement of financial position	**43,133**	10,709

Notes to the Consolidated Financial Statements

NOTE 13 : DISCONTINUED OPERATIONS

NOMAD MODULAR BUILDING – TRANSPORTABLES BUSINESS
(i) Description
In June 2012 the Transportables operations of Nomad Modular Building Pty Ltd were discontinued. Close out of administrative contractual requirements is expected to be finalised in the first half of the 2016 financial year.

Financial information relating to the discontinued operation for the period is set out below.

(ii) Financial performance and cash flow information

	2015 **$'000**	2014 $'000
Results of discontinued operation		
Revenue	**-**	29
Expenses	**826**	1,127
Profit/(loss) before income tax expense	**(826)**	(1,098)
Income tax benefit/(expense)		
Net (loss) after income tax of discontinued operation	**(826)**	(1,098)
(Loss) on sale of assets	**-**	-
Income tax on gain on closure of discontinued operation	**-**	-
(Loss) from discontinued operation	**(826)**	(1,098)
Cash flows from (used in) discontinued operations		
Net cash (used in) / from operating activities	**(455)**	20
Net cash from investing activities	**411**	5
Net cash (used in) financing activities	**-**	-
Net increase/(decrease) in cash generated by the division	**(44)**	25

The carrying amounts of assets and liabilities as at 30 June 2015 were:

	2015 **$'000**	2014 $'000
ASSETS		
Cash	**-**	44
Receivables	**4**	8
Inventories	**247**	95
Property, plant & equipment	**-**	-
Deferred tax assets	**-**	-
Total assets	**251**	147
LIABILITIES		
Payables	**138**	122
Loans from Related Parties	**606**	-
Provisions	**333**	24
Total Liabilities	**1,077**	146
Net (liabilities)/assets	**(826)**	1

Notes to the Consolidated Financial Statements

NOTE 13 : DISCONTINUED OPERATIONS (continued)

RAPLEY WILKINSON

(i) Description
In June 2013 the operations of Rapley Wilkinson Pty Ltd were discontinued. Close out of administrative contractual requirements is expected to be finalised in the first half of the 2016 financial year.

Financial information relating to the discontinued operation for the period is set out below.

(ii) Financial performance and cash flow information

	2015 $'000	2014 $'000
Results of discontinued operation		
Revenue and other income	163	782
Expenses	(460)	(1,845)
Profit/(loss) before income tax expense	(297)	(1,063)
Income tax benefit/(expense)	-	-
Net profit/(loss) after income tax of discontinued operation	(297)	(1,063)
(Loss) on sale of assets	-	-
Income tax on gain on closure of discontinued operation	-	-
(Loss) from discontinued operation	(297)	(1,063)
Cash flows from (used in) discontinued operations		
Net cash (used in) / from operating activities	(79)	(270)
Net cash from / (used in) investing activities	73	106
Net cash (used in) financing activities		-
Net increase/(decrease) in cash generated by the division	(6)	(164)

Notes to the Consolidated Financial Statements

NOTE 13 : DISCONTINUED OPERATIONS (continued)

The carrying amounts of assets and liabilities as at 30 June 2015 were:

	2015 $'000	2014 $'000
ASSETS		
Cash	-	6
Receivables	2	5
Inventories	-	-
Property, plant & equipment	1,400	1,815
Deferred tax assets	-	13
Total assets	1,402	1,839
LIABILITIES		
Payables	9	11
Loans from Related Parties	108	-
Deferred tax liabilities		13
Provisions	316	550
Total Liabilities	433	574
Net Assets	969	1,265

NOMAD EASTERN STATES

(i) Description
In December 2013 the operations of Nomad Eastern States were discontinued. One project remains under warranty as at 30 June 2015, and provisions are recognised in the financial statements for remaining warranty costs. The main leased premises is under contract until November 2019. As at lodgement date, a sublease agreement has been put in place with a client for the full lease term. An onerous lease provision of $2.1m has been recognised in these accounts.

Financial information relating to the discontinued operation for the period is set out below.

(ii) Financial performance and cash flow information

	2015 $'000	2014 $'000
Results of discontinued operation		
Revenue and other income	16	5,533
Expenses	(898)	(10,083)
Profit/(loss) before income tax expense	(882)	(4,550)
Income tax benefit/(expense)	-	-
Net profit/(loss) after income tax of discontinued operation	(882)	(4,550)
(Loss) on sale of assets	-	-
Income tax on gain on closure of discontinued operation	-	-
(Loss) from discontinued operation	(882)	(4,550)
Cash flows from (used in) discontinued operations		
Net cash (used in) operating activities	(515)	(2,730)
Net cash from investing activities	513	363
Net (decrease) in cash generated by the division	(2)	(2,367)

NOTE 13 : DISCONTINUED OPERATIONS (continued)

The carrying amounts of assets and liabilities as at 30 June 2015 were:

	2015	2014
	$'000	$'000
ASSETS		
Cash	-	2
Receivables	4	17
Inventories	-	-
Property, plant & equipment	325	462
Total assets	329	481
LIABILITIES		
Payables	1	5
Loans from Related Parties	540	-
Provisions	2,139	1,944
Total Liabilities	2,680	1,949
Net Liabilities	(2,351)	(1,468)

NOTE 14 : CONTINGENCIES

Contingent liabilities

Contingent instruments

The Group had outstanding guarantees to the value of $5,145,717 (2014: $1,771,437) 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 2015 (2014: nil).

NOTE 15 : EVENTS OCCURRING AFTER THE REPORTING DATE

On 21 August 2015, the Company announced that its McGrath Modular business had secured a significant subcontract valued at $25m for the delivery of 50 modular houses in Onslow, approximately 1,370kms north of Perth.

Since 30 June 2015, Nomad has re-entered into an agreement for the sublease of its leased property in Wacol Brisbane. The sublease, which expired on 30 June 2015 has been extended to November 2019 in line with the head-lease and is for an annual rental of $700,000 plus outgoings.

No other matters or circumstances have arisen since 30 June 2015 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years;
(b) the results of those operations in future financial years; or
(c) the Group's state of affairs in future financial years.

Notes to the Consolidated Financial Statements

NOTE 16 : RECONCILIATION OF (LOSS) AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2015	2014
	$'000	$'000
(Loss) for the year	**(25,385)**	(6,887)
Add/(Less) items:		
Depreciation and amortisation	**1,388**	1,163
Impairment charge – goodwill	**15,116**	-
Impairment charge – leasehold developments	**3,169**	-
Impairment charge – investment property	**1,878**	-
Impairment charge – assets held for sale	**400**	557
Impairment charge – property, plant, equipment	**118**	-
Loss on disposal of property, plant, equipment	**403**	-
Revaluation of contingent consideration	**345**	-
Equity settled transactions	**696**	-
Written down value of non-current assets sold	**-**	493
Share-based payments	**172**	8
Bad / Doubtful debts	**974**	101
Interest received	**(76)**	-
Other movement in provisions	**(200)**	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade debtors	**(9,130)**	9,333
(Increase)/decrease in inventories	**(6,648)**	11,133
(Increase) / decrease in other operating assets	**-**	(2,914)
(Increase)/decrease in deferred tax asset	**(103)**	52
Increase/(decrease) in trade creditors & other payables	**11,691**	(16,556)
(Decrease) in current tax liability	**(119)**	-
(Increase) in non-current provisions	**(138)**	-
Increase/(decrease) in provision for deferred tax liability	**103**	(52)
Net cash used in operating activities	**(5,346)**	(3,569)

NOTE 17 : EARNINGS PER SHARE

		Consolidated 2015 Cents	Consolidated 2014 Cents
(b)	**Basic (loss) per share**	**(8.2)**	**(2.5)**
(c)	**Diluted (loss) per share**	**(8.2)**	**(2.5)**
(b)	**Basic (loss) per share from continuing operations**	**(7.6)**	**(0.06)**
(c)	**Diluted (loss) per share from continuing operations**	**(7.6)**	**(0.06)**
(d)	**Reconciliations of (loss) / earnings used in calculating earnings per share**	**$'000**	**$'000**
	Basic and diluted earnings / (loss) per share:		
	(Loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings / (loss) per share	**(25,385)**	**(6,887)**
	(Loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings / (loss) per share	**(25,385)**	**(6,887)**
	(Loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings / (loss) per share from continuing operations	**(23,381)**	**(175)**
	(Loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings / (loss) per share from continuing operations	**(23,381)**	**(175)**
(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	**308,394,850**	277,479,329
	Adjustment for calculation of diluted earnings per share for options	**-**	-
	Weighted average number of shares used as the denominator in calculating diluted earnings per share	**308,394,850**	277,479,329

(f) Information concerning the classification of securities

Options granted to employees are considered to be potential ordinary shares. Options on issue at the reporting date could potentially dilute earnings per share in the future. The effect in the current year is to reduce the loss per share hence they are considered anti-dilutive. Accordingly, the diluted loss per share is the same as the basis loss per share.