

**Chairman's Address
Nomad Building Solutions Limited
Annual General Meeting
11.00am Friday, 7 November 2014**

2014 Financial Year Overview

For the year ending 30 June 2014 (FY2014) Nomad Building Solutions Limited (NBS, Company or Group) reported a statutory net loss after tax of \$6.9 million. This result included a \$1.7 million onerous contract provision for the lease of the Wacol premises and a \$0.6 million impairment of the value of the Derby housing assets.

Excluding these one-off impairments and losses from discontinued operations the loss after tax for continuing operations for FY2014 was \$0.2 million. Continuing operations now comprise McGrath Homes and the Nomad Rental business. This follows the Board's decision to scale back and close Nomad Modular Building (NMB) in June 2012, Rapley in December 2013 and Nomad Eastern States (NES) in October 2013.

Overall, the Company generated a \$5.7 million EBITDA loss in FY2014 comprising:

- \$3.1 million EBITDA profit from continuing operations: McGrath and Nomad Rental;
- \$4.4 million EBITDA loss from the discontinued operations of: NES, Rapley and NMB;
- \$2.1 million EBITDA loss (overhead cost) from corporate, down from \$3.9m in FY2013;
- \$1.7 million loss for the onerous contract provision for the lease of the Wacol premises; and
- \$0.6 million loss due to the impairment of the value of the Derby housing assets.

The NBS cash position at 30 June 2014 was \$8.3 million, down from \$11.3 million at 30 June 2013. As at the end of October, the cash position was approximately \$4 million reflecting the \$2.6 million investment (announced in July) for the South Hedland Development site infrastructure, working capital requirements for McGrath and Wacol lease payments. Cash balances are forecast to improve by approximately \$1.8 million by the end of the March quarter following the expected sale of the Derby assets.

Review of Operations

McGrath Homes

McGrath Homes revenue for FY2014 of \$36.7 million included \$17 million of private residential and \$20 million from commercial projects. The Rio Tinto project for 80 homes was completed in the first half of FY2014 and was responsible for \$16 million of the commercial projects total. FY2014 EBITDA for McGrath was \$2.6 million.

First quarter FY2015 results for McGrath are below expectations for both private residential and commercial projects, consistent with poor sentiment affecting investment in regional areas exposed to mining and mining services. Indications for the second quarter are more encouraging with a pick up in both residential and commercial orders.

Looking forward, I am pleased to report that McGrath has recently entered into a partnering arrangement for the supply of approximately 195 homes for Meadowbrooke Lifestyle Estate in Boyanup, in the south west of WA. Subject to the approval of the development application, expected by April 2015, the supply of homes will commence in the first quarter of FY2016 and will continue in 3 or 4 stages. The estimated sales value of the homes is approximately \$40 million and has the potential to underpin McGrath's order book for the next three to four years.

Nomad Rental

Occupancy in the 56 room accommodation facility (King Village) in Karratha has been below expectations for FY2014 due to an oversupply of accommodation and low levels of investment and other activity in the area. In FY2014 King Village generated EBITDA of \$0.4m.

Occupancy in the first quarter of FY2015 has shown some improvement with current occupancy at 38% which is expected to further improve from October due to an improvement in demand.

Corporate

NBS Corporate contributed an overhead cost of \$2.1 million for FY2014. Following a number of initiatives completed during the year to reduce costs the corporate overhead was reduced to an annualised cost of \$1.2 million at the end of FY2014. With the Managing Director and Chief Financial Officer position having been made redundant, and all non executive director fees reduced to \$20,000 per annum, the anticipated sub lease of the Balcatta office, relocation of the corporate office and the integration of the Group finance function into the McGrath business, the Corporate overhead for the Group will reduce further to approximately \$0.5 million per annum by the end of the March quarter in FY2015.

Discontinued Operations and Other Issues

Nomad Eastern States

All Nomad Eastern States jobs are now complete, the office closed and the premises at Wacol sub leased. Apart from attending to minor defects on completed jobs the only remaining activity for NES is the sale of two properties in Roma, Queensland. We have engaged a specialist property consultant to assist with these sales and in total these are expected to provide cash receipts of approximately \$0.3 million by December 2014.

The sub lease of the Wacol premises is for a 12 month term plus two six month options thereafter. This provides for a material reduction in the cash carrying cost of the head lease while NES searches for a tenant for the remainder of the lease period which runs until February 2019.

Rapley

All Rapley projects were complete in the first half of FY2014 and following unsuccessful attempts to secure new work the remaining Rapley employees were made redundant.

Some defect liability work on completed work, provided for in the FY2014 result, remains to be completed in FY2015.

A specialist property consultant is currently marketing for sale the 5 houses at Derby and in total these are expected to provide cash receipts, net of expenses of \$1.8 million by the end of the March quarter.

Nomad Modular

Three Nomad Modular projects remain to be closed. It was expected that these projects would have been completed by this time however progress has been delayed due to difficulties in achieving closure with the Engineering Managers and clients in relation to engineering certifications and other deliverables and on backcharges and variations. As a result of these delays the cost to finally close out these remaining jobs has been re-assessed and provided for in the FY2014 result. Notwithstanding the slow progress to date, we now expect the three jobs to be closed in the first half of FY2015.

Board and Management Changes

There have been a number of Management and Board changes as part of broad renewal process across NBS. These include:

- Peter Hogan retiring from the Board of Directors effective 31 July 2014.
- Andrew Sturcke will depart from his chief executive position effective close of business today and will also, from today, retire as a Director and Company Secretary of Nomad.

- Lachlan McIntosh has joined the Board as a non executive director effective from 3 October 2014. Lachlan has a Bachelor of Commerce degree and is a Member of the Institute of Chartered Accountants in Australia. Lachlan specialises in corporate finance, mergers and acquisitions and has had substantial experience in mining services, real estate and retirement accommodation industries.
- Heather Gardner will commence as a non executive director on Monday 10 November 2014. Heather holds a Masters in Business Administration and has 30 years' experience in company management gained in various senior roles in commercial civil and construction, aviation, retail, medical services and the supply and delivery of accommodation facilities in remote and regional areas.

Our new Board members will bring fresh ideas and energy to your Company.

Next Steps

Consistent with our stated strategy, the NBS Board continues to progress bringing all legacy issues to a timely conclusion and we remain confident that all legacy issues will have been satisfactorily dealt with by the end of FY2015. We will continue to monetise surplus assets within the Group while supporting our core businesses of McGrath Homes and Nomad Rental.

The NBS Board would like to thank shareholders for their support during a very protracted and complex restructuring phase. As we near the end of this restructuring phase, we believe we are now in a position to focus our energy and resources toward evaluating value enhancing opportunities for the Company. Unfortunately no opportunities are sufficiently progressed to enable any form of discussion with you today.

I would also like to take this opportunity to thank my fellow Directors, the senior Management and all of the Company's employees for their efforts in FY2014.

David Franklyn
Chairman