APPENDIX 4E

PRELIMINARY FINAL REPORT

30 June 2016

ONTERRAN

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ONTERRAN LIMITED (Formerly known as Nomad Building Solutions Limited)

APPENDIX 4E – PRELIMINARY FINAL REPORT
30 JUNE 2016

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

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PRELIMINARY FINAL REPORT

YEAR ENDED 30 JUNE 2016

APPENDIX 4E
ONTERRAN LTD: ABN 52 117 371 418

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.	☐	The accounts have *not* yet been audited or reviewed.

Report for the year ended 30 June 2016

This statement includes the results for Onterran Limited and its controlled entities, for the year ended 30 June 2016 (current period) compared with the year ended 30 June 2015 (prior period). The financial results of Onterran 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.

Onterran Limited and its Controlled Entities
ABN 52 117 371 418

Appendix 4E
Preliminary Consolidated Final Report
For the Year ended 30 June 2016

Results for Announcement to the Market

Key Financial Information	% Change	2016 $'000	2015 $'000
Revenue from continuing operations	↑ 231%	265,671	80,272
Profit/(Loss) from continuing operations before tax	↑ 97%	(740)	(23,381)
Profit/(Loss) from continuing operations after tax	↑ 97%	(740)	(23,381)
Net profit/(loss) attributable to members of Onterran Limited	↑ 93%	(1,755)	(25,385)
		2016 $	**2015 $**
Net Tangible Assets per ordinary shares		0.01	0.01

Additional Financial Information		2016 $'000	2015 $'000
EBITDA	↑ 99%	(251)	(23,896)
EBITDA from continuing operations	n/a	678	(21,913)
Total assets	↑ 15%	70,316	61,380
Net Assets	↓ 13%	12,948	14,855
Earnings per ordinary security (EPS)	↑ 95%	(0.38) cents	(8.2) cents
Diluted earnings per share	↑ 95%	(0.38) cents	(8.2) cents

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 2016 there was no control gained over entities 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 2016 there was no loss of control over entities having a material effect on the financial results and financial position of the Consolidated Entity.

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COMMENTARY ON RESULTS FOR THE YEAR

KEY POINTS

- **Revenue of $265.7m (FY15: $80.3m)**
- **EBITDA from continuing operations of $0.7m (FY15: loss $21.9m)**
- **Cash on hand of $5.4m at 30 June 2016 (FY15: $5.7m)**
- **Legacy items all closed out during FY2016**
- **Strong investor support for transformational Couran Cove asset acquisitions**
- **The Board re-iterates its commitment towards the resumption of dividends, with available franking credits of $17.8m**

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

Continuing operations as at 30 June 2016 comprise Bloomer Constructions, McGrath Modular and Nomad Properties.

Bloomer Constructions

FY 2016 Review
Bloomer generated EBITDA of $1.7m on record high revenue of $235.5m. Underlying EBITDA (before intercompany charges) was a loss of $1.4m. This is an unsatisfactory result primarily stemming from a number of longer term projects on hand at the time of acquisition being unprofitable and decreased margins in a rising cost environment. These factors continued to affect performance in the second half. Market pricing has become more stable in recent months and a stronger performance from Bloomer is expected. Since its foundation in 1983, Bloomer has had an enviable track record of consistent profit delivery, with only one non-profitable year prior to FY16. Onterran's Board, including Wayne Bloomer, considers the current year result to be anomalous and has the utmost confidence in a return to the long run pattern of dependable year on year profitability.

In line with the Groups stated strategic direction of pivoting towards development of our own projects, such as at Couran Cove, Bloomer's third party revenues are expected to reduce in FY2017 with a new focus on contracting quality projects in the $5m - $10m revenue range, allowing Bloomer to play to its traditional strengths.

At 30 June 2016 Bloomer had work on hand of $155m.

McGrath Modular

FY 2016 Review
McGrath posted a positive EBITDA of $0.3m on revenue of $29.8m (2015: EBITDA negative $0.3m on revenue of $21.8m). Underlying EBITDA (before intercompany charges) was $1.2m (2015: negative $0.3m) which is a substantial improvement compared to the previous period despite the current challenging market conditions in regional Western Australia.

McGrath had work on hand of $9m at 30 June 2016 excluding any possible revenue from The Meadowbrook Lifestyle Estate which has potential future revenues in excess of $40m (see separate ASX announcement). The Meadowbrook project is moving forward albeit slower than management had anticipated. It is however expected to commence contributing to financial results in FY17.

Nomad Property

FY 2016 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 2016. Full year EBITDA was negative $1.0m although underlying EBITDA (before intercompany charges) was negative $0.3m. The Board is in discussions to sell King Village during FY17 and accordingly it has been reclassified from Investment Property to Non-current Assets Held for Re-sale in the accompanying consolidated statement of financial position.

COMMENTARY ON RESULTS FOR THE YEAR (continued)

Discontinued Operations
Onterran disposed of its 100% interest in Nomad Eastern States on 31 December 2015, the lessor of leased property at Wacol in Queensland. This disposal has allowed the release of an onerous lease contract provision resulting in a net gain on disposal of $0.9m which is included within the loss from discontinued operations in the consolidated statement of profit and loss and other comprehensive income.

All of the five units Rapley Wilkinson held for sale in Derby WA were sold during the half year at a small loss. Cash previously held in trust by Rapley Wilkinson was transferred to Bloomer (continuing operations) for nil consideration.

The last remaining Nomad Modular project was completed in the half year.

Other Developments

On 12 July 2016, the Company announced an agreement to acquire, through wholly owned subsidiaries, sizeable real estate holdings in the area at South Stradbroke Island, Queensland known as Couran Cove. The significant assets to be acquired are:

1) approximately 105 existing apartments;
2) 3 development lots with development approval for over 220 houses and lodges;
3) a number of commercial buildings; and
4) significant possible future development land

The Company plans to develop the 220 approved houses and lodges and sell the 105 existing apartments, which are expected to generate revenue of over $95m in the next four years. In addition to the existing apartments and approved development land, there may be further development opportunities that will be investigated over time relating to the large leasehold parcels of land that form part of the acquisition.

On 15 August 2016 shareholders approved the issuance of redeemable convertible preference shares (RCPS), to raise up to $21.5m to fund the acquisition of the various Couran Cove assets, undertake the renovation and sale program on the 105 existing apartments, commence development of the land parcels and provide general working capital.

The RCPS rank in priority to the Company's ordinary shares in respect of the payment of dividends. Holders of the RCPS are entitled to a cumulative but non-compounding fully franked fixed dividend of 8% per annum. Dividends on the RCPS are paid semi-annually. RCPS holders do not have the right to participate in any additional dividends declared for ordinary shareholders. These shares do not having voting rights.

Also on 15 August 2016 shareholders approved a resolution to consolidate every eight existing ordinary shares in the capital of the Company into one ordinary share. The consolidation was completed on 25 August 2016 and the number of ordinary shares on issue on 25 August 2016 post consolidation was 56,897,686.

Outlook

Financial Year 2017, with the upcoming Couran Cove project and a more stable pricing market expected for our construction subsidiaries, promises to be a significant year in terms of profitability and long term balance sheet strengthening. The addition of significant real estate assets which will be put to the market, in some cases immediately, along with our first meaningful in-house projects starts the process of being less affected by sudden market price changes. The Group will continue to seek further property transactions, focussing on those that are already approved and hence 'shovel ready', or part complete. Seeking transactions such as this enables quick revenue from projects after deployment of capital rather than the longer lead times that comes from acquisition of green field sites.

After a disappointing 2016, we enter 2017 with a very positive outlook and look forward to delivering a solid investment return to our shareholders.

Rounding of Amounts
The Consolidated entity has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 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 2016

	Note	2016 $'000	2015 $'000
Revenue from continuing operations	3	**265,671**	80,272
Other income / (loss)	4	**292**	(378)
Raw materials, consumables and contract labour		**(255,453)**	(70,504)
Employee benefits expense	5	**(9,597)**	(5,246)
Depreciation and amortisation expense	5	**(775)**	(1,368)
Borrowing cost expense	5	**(431)**	(100)
Operating lease costs	5	**(1,387)**	(1,340)
Corporate and administration expenses	5	**(2,388)**	(2,176)
Impairment expense	5	**983**	(21,137)
Fair value movement in contingent consideration	13	**2,348**	(345)
Other expenses		**(3)**	(1,059)
(Loss) before income tax		**(740)**	(23,381)
Income tax (expense)		**-**	-
Net (loss) after income tax from continuing operations		**(740)**	(23,381)
(Loss) from discontinued operations net of income tax	16	**(1,015)**	(2,004)
Total comprehensive (loss) for the year attributable to members of Onterran Limited		**(1,755)**	(25,385)
Loss Per Share attributable to the members of Onterran Limited			
Basic loss per share	20	**(0.38)**	(8.2)
Diluted loss per share	20	**(0.38)**	(8.2)
Continuing Operations			
Basic loss per share	20	**(0.16)**	(7.6)
Diluted loss per share	20	**(0.16)**	(7.6)

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

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Consolidated Statement of Financial Position
As at 30 June 2016

	Note	2016 $'000	2015 (re-stated) $'000
ASSETS			
Current assets			
Cash and cash equivalents		**5,410**	5,680
Cash held in trust		**3,218**	2,906
Trade and other receivables		**35,349**	27,394
Work in progress		**13,965**	11,089
Non-current assets held for sale	6	**768**	1,716
Current tax asset		**-**	202
Total current assets		**58,710**	48,987
Non-current assets			
Property, plant and equipment	7	**2,283**	2,348
Investment property	8	**-**	536
Intangible assets	10	**9,323**	9,509
Total non-current assets		**11,606**	12,393
Total assets		**70,316**	61,380
LIABILITIES			
Current liabilities			
Trade and other payables		**45,167**	30,623
Deferred income		**4,680**	2,848
Interest bearing liabilities	11	**7,025**	3,164
Provisions	12	**340**	5,972
Total current liabilities		**57,212**	42,607
Non-current liabilities			
Interest bearing liabilities	11	**76**	101
Provisions	12	**80**	1,469
Other financial liabilities	13	**-**	2,348
Total non-current liabilities		**156**	3,918
Total liabilities		**57,368**	46,525
Net assets		**12,948**	14,855
EQUITY			
Contributed equity	14	**117,506**	117,486
Reserves		**-**	172
(Accumulated losses)		**(104,558)**	(102,803)
Total equity		**12,948**	14,855

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

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Consolidated Statement of Changes in Equity
For the year ended 30 June 2016

	Note	Contributed Equity	Share Based Payment Reserve	Option Reserve	(Accumulated Losses)	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 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
Total comprehensive loss for year ended 30 June 2016					**(1,755)**	**(1,755)**
Transactions with owners in their capacity as owners:						
Equity settled share based payment		**20**	**(127)**	**-**	**-**	**(107)**
Employee share options issued		**-**	**-**	**-**	**-**	**-**
Employee share options lapsed		**-**	**-**	**(45)**	**-**	**(45)**
Balance as at 30 June 2016		**117,506**	**-**	**-**	**(104,558)**	**12,948**

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

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Consolidated Statement of Cash Flows
For the year ended 30 June 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**251,031**	63,618
Payments to suppliers and employees (inclusive of GST)		**(254,024)**	(68,745)
Cash generated from operations **		**(2,993)**	(5,127)
Interest paid		**(144)**	(100)
Income taxes received/(paid)		**202**	(119)
Net cash (outflow) used in operating activities	19	**(2,935)**	(5,346)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	13	**-**	2,247
Proceeds from disposal of subsidiary net of cash disposed	16	**(30)**	-
Payment for leasehold development asset		**-**	(2,910)
Payment for development asset	10	**(80)**	-
Payments for property, plant and equipment		**(1,068)**	(85)
Proceeds from sale of property, plant and equipment		**210**	253
Proceeds from the sale of non-current assets held for sale		**1,197**	-
Transfer (to) Cash Held in Trust		**(1,001)**	(326)
Interest received		**323**	76
Net cash (outflow) from investing activities		**(449)**	(745)
Cash flows from financing activities			
Net proceeds from borrowings		**3,793**	2,265
Proceeds from the issue of shares, net of transaction costs		**-**	3,211
Repayment of hire purchase and lease payments		**(679)**	(249)
Net cash inflow from financing activities		**3,114**	5,227
Net increase / (decrease) in cash and cash equivalents		**(270)**	(864)
Cash and cash equivalents at the beginning of the financial year		**5,680**	6,544
Cash and cash equivalents at the end of the financial year		**5,410**	5,680

*** Cash outflow from operations ($2,993,000) includes a $1.7m outflow in respect of the McGrath Modular debt referred to in Note 11(b) which is expected to generate an offsetting inflow of $2.0m in FY17. Also included in the operating cash outflow is an outflow of $2.1m in respect of McGrath's Pindan project (see ASX announcement of August 2015) which will also reverse in FY17. This project has been financed by way of a short term $3.25m finance facility from National Australia Bank which as at the date of this report has been reduced to $0.75m and will be repaid in full by September 30th 2016.*

Included within investing activities for the comparative period (year ended 30 June 2015) is $3.7m of cash acquired on the acquisition of BCQ. This represents cash generated from the pre-acquisition operating activities of BCQ. Post-acquisition this cash was utilised to pay BCQ suppliers and employees included within the operating cash outflow for the year ended 30 June 2015 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 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. This report is to be read in conjunction with any public announcements made by Onterran Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Securities Exchange Listing Rules.

Where necessary, comparative figures have been adjusted to comply with the changes in presentation in the current period.

The principal accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial year.

NOTE 2 : BASIS OF PREPARATION

The preliminary final report has been prepared on a going concern basis that presumes the realisation of assets and the discharge of liabilities in the normal course of operations for the foreseeable future. During the year the Group recorded a total comprehensive loss of $1,755,000 (2015: loss of $25,385,000) and operating cash outflows of $2,935,000 (2015: outflows of $5,346,000). Furthermore, the net current asset surplus has decreased from $6,380,000 at 30 June 2015 to $1,498,000 at 30 June 2016. Net current assets are supported by the future recoverability of work in progress at estimated profit levels and the recoverability of trade debtors. Therefore, the ability of the Group to continue on a going concern basis is dependent upon the Groups' success in achieving budgeted sales and positive cash flow from operations.

The Group has forecast a strong return to profitability and positive operating cash flow in the 2017 financial year and accordingly the Directors believe the Group is a going concern and will be able to pay its debts as and when they fall due and payable.

This preliminary financial report does not give effect to any adjustments which could be necessary should the Company be unable to continue as a going concern and therefore be required to realise its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying preliminary financial report.

NOTE 3 : REVENUE

	Consolidated	
	2016	2015
	$'000	$'000
From continuing operations		
Sales revenue		
Construction contract revenue	**264,958**	**79,788**
Revenue from the rendering of services including the hire of buildings	**394**	**408**
Other revenue		
Interest	**319**	**76**
	265,671	**80,272**

NOTE 4 : OTHER INCOME / (LOSS)

	2016	2015
Net (loss) on disposal of property, plant and equipment	**(115)**	(404)
Gain on asset contribution	**405**	-
Other	**2**	26
	292	(378)

Notes to the Consolidated Financial Statements

NOTE 5 : EXPENSES

	Consolidated 2016 $'000	2015 $'000
(Loss) before income tax includes the following specific expenses:		
Depreciation & amortisation expense		
Hire assets	**-**	2
Land and buildings	**197**	276
Plant and equipment	**244**	187
Investment property (Note 8)	**68**	137
Amortisation of intangibles (Note 10)	**266**	766
Total depreciation	**775**	1,368
Finance costs		
Interest and finance charges paid/payable	**431**	100
Finance costs expensed	**431**	100
Rental expense relating to operating leases		
Minimum lease payments	**1,387**	1,340
Total rental expense relating to operating leases	**1,387**	1,340
Employee benefits expense		
Salary and wages	**8,765**	4,249
Superannuation expense	**114**	196
Share-based payments	**(152)**	342
Other employee expense	**870**	459
Total employee benefits expense	**9,597**	5,246
Corporate and administration expenses		
Corporate and administration expenses	**2,388**	1,650
Share based payments	**-**	526
Total corporate and administration expense	**2,388**	2,176
Impairment expenses		
Impairment of goodwill (Note 10)	**-**	15,116
Impairment of investment properties (Note 8)	**-**	1,878
Impairment of leasehold development costs (Note 9)	**-**	3,169
Impairment of trade receivables	**(983)**	974
Total Impairment expenses	**(983)**	21,137
Discontinued expenses		
Impairment expenses		
Impairment of assets held for Sale (Note 6)	**94**	400
Impairment of property, plant and equipment (Note 7)	**-**	118
Total Impairment expenses	**94**	518
Onerous lease expense		
Impairment of onerous lease	**148**	791
Total Onerous Lease expense	**148**	791

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Notes to the Consolidated Financial Statements

NOTE 6 : NON-CURRENT ASSETS HELD FOR SALE

	Consolidated	
Assets classified as held for sale	**2016**	2015
	$'000	$'000
Opening Balance at 1 July	**1,716**	1,800
Disposals	**(1,322)**	-
Transfer from property plant and equipment	**-**	316
Transfer from investment property (Note 8)	**468**	-
Impairment (Note 5)	**(94)**	(400)
Closing Balance at 30 June	**768**	1,716

During the year ended 30 June 2016 Rapley Wilkinson's five strata titled units in Derby WA were sold. Prior to sale an impairment charge of $94,000 was recognised.

Assets classified as held for sale at 30 June 2016 consist of a house and land at Roma, QLD, and the King Village accommodation asset in Karratha, Western Australia.

The fair value of the Roma house and land at 30 June 2016 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.

The Company is in discussions with an interested party to sell the King Village accommodation asset. At 30 June 2016 this had been included within non-current assets held for sale at its carrying value which is considered to be lower than the fair value less costs to sell on a Level 3 fair valuation basis.

NOTE 7 : PROPERTY, PLANT AND EQUIPMENT

Consolidated	**Hire buildings**	**Land and buildings**	**Plant and equipment**	**Total**
Year ended 30 June 2015				
Opening net book amount	76	2,612	831	3,519
Acquisition through business combination	-	-	262	262
Additions	-	-	143	143
Disposals	(63)	(162)	(431)	(656)
Transfer to/(from) assets held for resale	-	(316)	-	(316)
Impairment charge	-	(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
Year ended 30 June 2016				
Opening net book amount	**9**	**1,723**	**616**	**2,348**
Additions	**-**	**943**	**629**	**1,572**
Disposals	**(8)**	**(306)**	**(9)**	**(323)**
Transfer to cost of goods sold/raw materials	**-**	**(866)**	**-**	**(866)**
Depreciation charge	**(1)**	**(197)**	**(250)**	**(448)**
Closing net book amount	**-**	**1,297**	**986**	**2,283**
At 30 June 2016				
Cost or fair value	**-**	**1,797**	**1,840**	**3,637**
Accumulated depreciation	**-**	**(500)**	**(854)**	**(1,354)**
Net book amount	**-**	**1,297**	**986**	**2,283**

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NOTE 8 : INVESTMENT PROPERTY

	Consolidated	
	2016	2015
	$'000	$'000
Opening balance at 1 July	**536**	2,541
Additions	**-**	11
Depreciation for the year	**(68)**	(138)
Impairment (Note 5)	**-**	(1,878)
Transfer to non-current assets held for resale (Note 6)	**(468)**	
Balance at end of year	**-**	536

At 30 June 2016 the King Village accommodation asset was transferred to non-current assets held for resale (see Note 6).

(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	
	2016	2015
	$'000	$'000
Rental income	**394**	410
Direct operating expenses arising from investment property that generated rental income during the year	**(447)**	(593)
	(53)	(183)

NOTE 9 : LEASEHOLD DEVELOPMENT COSTS

	Consolidated	
	2016	2015
	$'000	$'000
Opening Balance	**-**	3,169
Impairment (Note 5)	**-**	(3,169)
Closing Net Book Amount	**-**	-

In 2012, Nomad Properties, a subsidiary of Onterran, entered into an agreement with the State of Western Australia which provided Onterran with an option to enter into a lease for two plots of land in South Headland. The costs represented 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 was fully impaired during the year ended 30 June 2015. During the year ended 30 June 2016 the option was allowed to lapse.

Notes to the Consolidated Financial Statements

NOTE 10 : INTANGIBLE ASSETS

Consolidated	Goodwill (re-stated) $'000	Brand Name (re-stated) $'000	Customer Relationships (re-stated) $'000	Development Costs (re-stated) $'000	Other $'000	Total $'000
Year ended 30 June 2015 (re-stated)						
Opening net book amount	16,416	-	-	-	-	16,416
Acquisitions through business combinations	5,679	1,528	1,002	-	766	8,975
Impairment charge	(15,116)	-	-	-	-	(15,116)
Amortisation	-	-	-	-	(766)	(766)
Closing net book amount	6,979	1,528	1,002	-	-	9,509
At 30 June 2015 (re-stated)						
Cost or fair value	94,536	1,528	1,002	-	766	97,832
Accumulated amortisation and impairment	(87,557)	-	-	-	(766)	(88,323)
Net book amount	6,979	1,528	1,002	-	-	9,509
Year ended 30 June 2016						
Opening net book amount	**6,979**	**1,528**	**1,002**	**-**	**-**	**9,509**
Acquisitions – internally developed	**-**	**-**	**-**	**80**	**-**	**80**
Amortisation (Note 5)	**-**	**(153)**	**(100)**	**(13)**	**-**	**(266)**
Closing net book amount	**6,979**	**1,375**	**902**	**67**	**-**	**9,323**
At 30 June 2016						
Cost or fair value	**94,536**	**1,528**	**1,002**	**80**	**-**	**97,146**
Accumulated amortisation and impairment	**(87,557)**	**(153)**	**(100)**	**(13)**	**-**	**(87,823)**
Net book amount	**6,979**	**1,375**	**902**	**67**	**-**	**9,323**

Notes to the Consolidated Financial Statements

NOTE 11 : INTEREST BEARING LIABILITIES

	Consolidated 2016 $'000	2015 $'000
Current Liabilities (repayable within one year)		
Secured bank loans	**4,750**	3,077
Secured third party borrowings	**2,120**	-
Finance lease liabilities	**92**	61
Other borrowings	**63**	26
	7,025	3,164

	2016 $'000	2015 $'000
Non-current Liabilities (repayable after one year)		
Finance lease liabilities	**76**	101
	76	101

(a) Secured bank loans

The secured bank loans ($4.75m) at 30 June 2016 represent a trade finance facility for McGrath Modular with National Australia Bank Limited (NAB) secured by a general security interest over the assets of the Group. This balance comprises a $1.5m rolling trade finance facility and a $3.25m short term facility which is repayable during September 2016. The nominal interest rate is NAB's quoted Australian Trade Refinance (ATR) Rate plus a margin of 2.5%.

As at the date of this report the $3.25m short term facility has been reduced to $0.75m

(b) Secured third party borrowings

During the year ended 30 June 2016, a receivable due to McGrath Modular from a developer client was financed by a consortium of financiers on identical terms to those in place for the developer. The development is an eight unit apartment development in Port Hedland, WA. McGrath's contract with the developer provides for interest on overdue amounts at a rate of 20% per annum and the receivable is secured by registered specific property securities and personal guarantees granted to McGrath by the developer. The related borrowing is secured by the same securities and guarantees granted to McGrath, interest is accruing at an identical 20% per annum rate and the facility matures in April 2017.

McGrath has not taken possession of the development and other securities and is allowing the developer to market the properties as a means of paying the debt. Included within current assets at 30 June 2016 (trade receivables) is $2,316,564 in relation to the construction contract. This asset has been assessed by the directors for impairment as at the date of this report and is considered to be fully recoverable.

(c) Other

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 2016.

Notes to the Consolidated Financial Statements

NOTE 12 : PROVISIONS

	Consolidated	
	2016	2015 (re-stated)
Current	**$'000**	$'000
Employee Benefits	**340**	325
Contractual disputes	**-**	596
Subcontractor superannuation	**-**	749
Onerous lease	**-**	651
Provision for onerous contracts	**-**	3,515
Other		136
	340	5,972

During the year ended 30 June 2016 Nomad Eastern States Pty Ltd was sold (Note 16) resulting in the de-recognition of the onerous lease in respect of its premises at Wacol, Brisbane.

Following a full review the Group has released to profit and loss $749,000 of legacy superannuation provisions during the year ended 30 June 2016.

The provision for onerous contracts represents the fair value adjustment recognised in accounting for the BCQ transaction (Note 13).

	Consolidated	
	2016	2015 (re-stated)
Non-current	**$'000**	$'000
Onerous lease	**-**	1,445
Employee benefits – long service leave	**80**	24
	80	1,469

During the year ended 30 June 2016 Nomad Eastern States Pty Ltd was sold (Note 16) resulting in the de-recognition of the onerous lease in respect of its premises at Wacol, Brisbane.

Notes to the Consolidated Financial Statements

NOTE 13 : 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 (BCQ). The results of BCQ were consolidated from 1 March 2015 which was the deemed date of effective control.

As set out in Note 17 to the Groups 2015 Annual Report, the accounting for the acquisition of BCQ was provisional. In accordance with accounting standards new information obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date has led to revisions to the acquisition accounting. In adopting this revised accounting the Group has restated the Statement of Financial Position at 30 June 2015.

As set out below, the revisions to the accounting are two-fold and impact upon:

1. The consideration transferred and the settlement net asset adjustment; and
2. The fair value of the assets acquired and liabilities assumed, and consequently goodwill.

(a) Consideration transferred

	$'000 Re-stated	$'000 Provisional
Purchase Consideration		
Cash paid	1,500	1,500
Equity instruments (88,000,000 ordinary shares)	5,368	5,368
Deferred consideration	2,003	2,003
Settlement net asset adjustment	(2,260)	(198)
Total Purchase Consideration	6,611	8,673

The settlement net asset adjustment is a mechanism within the Share Purchase Agreement that provided for an adjustment to the purchase consideration by the amount by which the net assets of BCQ differed from $5.0m on the transaction completion date. The provisional net asset adjustment was $198,000 payable by the vendor to the Group. This provisional sum was subsequently revised to $2,260,000 payable to the Group following a change to the BCQ work in progress at the completion date. The balance due under the settlement net asset adjustment was $210,531 at 30 June 2016 and is included within Trade and Other Receivables in the Statement of Financial Position.

(b) 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 per share (pre the 8 for 1 share consolidation approved at the August 15th 2016 EGM) conditional upon BCQ 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.

At acquisition date the Group included $2,003,000 as contingent consideration related to the additional consideration which represented its fair value at that time. At 30 June 2015, the contingent consideration had increased to $2,348,377.

At 30 June 2016 the Board has reassessed the fair value of the contingent consideration against the related targets and concluded that it's unlikely the additional consideration will be paid. Accordingly, the financial liability has been reduced to nil at 30 June 2016.

(c) Acquisition related costs

Wayne Bloomer entered into an executive employment agreement with the Company for a term of five years pursuant to the purchase and sale agreement. The Group agreed to issue the vendor 30,000,000 ordinary shares at a deemed issue price of $0.05 (pre the 8 for 1 share consolidation approved at the August 15th 2016 EGM) conditional upon Wayne Bloomer continuing to be employed under that agreement on 30 June 2017. The Company determined the fair value of this equity settled transaction to be $1,650,000 based upon the listed share price of the company on the date Wayne Bloomer signed the employment agreement. This expense was to accumulate in an equity reserve with a corresponding charge in the statement of profit and loss and other comprehensive income for the services rendered. As at 30 June 2015 the share based payment reserve was $127,000.

During June 2016, Wayne Bloomer and the Company agreed to terminate the executive employment agreement. A new agreement was signed and Wayne Bloomer remains employed by BCQ on revised terms and conditions in the role of Business Development Director. The vendor has forfeited the right to the 30,000,000 ordinary shares which will not now be issued. In accordance with accounting standards the related share based payment reserve of $127,000 has been credited to the statement of profit and loss and other comprehensive income in the year ended 30 June 2016.

Notes to the Consolidated Financial Statements

NOTE 13 : ACQUISITION OF SUBSIDIARY (continued)

(d) Identifiable assets acquired and liabilities assumed

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

	Re-stated $'000	Provisional $'000
Cash and cash equivalents	**3,747**	3,747
Cash held in trust	**820**	820
WIP & Inventory	**2,994**	6,783
Trade and other receivables	**12,714**	12,714
Property, plant and equipment	**262**	262
Trade and other payables	**(18,368)**	(18,368)
Loans and borrowings	**(1,101)**	(1,101)
Current taxation liability	**83**	(56)
Fair valued customer order book	**766**	978
Provision for onerous contracts	**(3,515)**	-
Fair value brand name	**1,528**	-
Fair value customer relationships	**1,002**	-
Net identifiable assets acquired	**932**	5,779
Add: goodwill	**5,679**	2,894
Net assets acquired	**6,611**	8,673

Net assets acquired have reduced from $8,673,000 to $6,611,000 and the purchase consideration has been reduced accordingly.

The following table sets out the movement in the affected acquisition assets and liabilities

	WIP & inventory $'000	Current taxation $000	Fair value customer order book $'000	Provision for onerous contracts $'000	Goodwill $'000	Other intangibles $'000
Provisional acquisition balance	**6,783**	**(56)**	**978**	**-**	**2,894**	**-**
Measurement period adjustment						
- retention adjustment	(2,201)	-	-	-	-	-
- onerous contract provision adjustment	(1,588)	-	(212)	(3,515)	-	-
- goodwill adjustment	-	-	-	-	2,785	
- identifiable intangible – brand	-	-	-	-	-	1,528
- identifiable intangible - customer relationships	-	-	-	-	-	1,002
Tax impact of adjustments	-	139	-	-	-	-
Re-stated acquisition balance	**2,994**	**83**	**766**	**(3,515)**	**5,679**	**2,530**

In accordance with relevant accounting standards, the completion of the provisional accounting resulted in measurement period adjustments related to matters concerned where the facts and circumstances existed at the acquisition date. If the matters had been known at the time, the information would have affected the acquisition accounting. As a result, the current annual financial report has disclosed a revision to the acquisition accounting previously disclosed for the following account balances.

1. The retention adjustment for $2,201,000 arises following an error in the provisional calculation of BCQ work in progress at acquisition date. This error existed at acquisition date but was identified in the current period during the work to finalise the acquisition accounting. The purchase consideration for the acquisition has been reduced commensurate with this adjustment.
2. The onerous contract provision adjustment for $5,315,000 arises due to the measurement period identification of project budget pricing errors which existed at acquisition date. For projects identified with budget errors which were also included within work in progress, the work in progress for these projects has been reduced by the amount of $1,588,000. A provision of $212,000 was raised against projects identified within the fair value of customer order book. For projects which did not yet have a work in progress balance, a provision for onerous contracts was recorded for the amount of $3,515,000.

Notes to the Consolidated Financial Statements

NOTE 13 : ACQUISITION OF SUBSIDIARY (continued)

3. An external valuation and allocation of the purchase price resulted in the recognition of a number of specific identifiable intangible assets (and the deferred tax impact thereon) as outlined above which has impacted the previously stated balance of goodwill. This resulted in a reallocation of goodwill to specific identifiable intangible assets of Brand $1,528,000 and Customer Relationships of $1,002,000, (refer Note 10 for more details).

(e) Goodwill

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.

Testing for impairment of goodwill is carried out on an annual basis according to each business segment. Construction goodwill was tested for impairment at 30 June 2016 and management were satisfied that no impairment was necessary as at that date.

(f) Other intangibles

Brand
The brand intangible asset has been recognised following a measurement period assessment of the value of the Bloomer Constructions (Qld) Pty Ltd business name undertaken by third party specialists.

Customer relationships
The customer relationships intangible asset arises following a measurement period assessment of the level of repeat business historically achieved by BCQ. The valuation of the customer relationships intangible asset was undertaken by third party specialists.

Notes to the Consolidated Financial Statements

NOTE 14 : CONTRIBUTED EQUITY

(a) Share Capital

	Notes	Consolidated and Parent entity 2016 Shares	Consolidated and Parent entity 2015 Shares	Consolidated and Parent entity 2016 $'000	Consolidated and Parent entity 2015 $'000
Ordinary shares					
Fully paid	(b), (d), (f)	**455,176,855**	454,727,417	**117,456**	117,436
Partly paid	(c), (d), (f)	**5,000,000**	5,000,000	**50**	50
		460,176,855	459,727,417	**117,506**	117,486

(b) Movements in fully paid ordinary share capital

Date	Details	Number of shares	Issue Price	$'000
1 July 2015	Balance	**454,727,417**		**117,436**
Shares issued during the year				
	Employee share based payment 20th April 2016	449,438	$0.0445	20
30 June 2016	Balance	**455,176,855**		**117,456**

(c) Movements in partly paid ordinary share capital

Date	Details	Number of shares	Issue Price	$'000
1 July 2015	Balance	**5,000,000**	**$0.05**	**50**
Shares issued during the year				
30 June 2016	Balance	**5,000,000**	**$0.05**	**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 2016 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.

Notes to the Consolidated Financial Statements

NOTE 14 : 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 15 : 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 one non-executive director and two executive directors.

The Board considers the business from a product perspective and has identified three 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 2016 is as follows:

2016	**Transportable**	**Construction**	**Rental**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Segment Revenue				
Total segment revenue	29,624	235,334	394	265,352
Inter-segment revenue	-	-	-	-
Segment revenue from external customers	29,624	235,334	394	265,352
EBITDA (Note 15 (d) ii)	288	1,699	(936)	1,051
Interest expense	(191)	(193)	(3)	(387)
Depreciation and amortisation	(296)	(138)	(87)	(521)
Segment Assets and Liabilities				
Segment assets	18,538	53,253	(62)	71,729
Segment liabilities	(14,987)	(43,406)	(208)	(58,601)
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	1,044	518	-	1,562

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Notes to the Consolidated Financial Statements

NOTE 15 : SEGMENT REPORTING (continued)

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

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	(327)	1,635	(49)	1,259
Interest expense	-	5	2	7
Depreciation and amortisation	419	797	138	1,354
Segment Assets and Liabilities				
Segment assets (re-stated)	11,613	45,019	10,456	67,088
Segment liabilities (re-stated)	2,862	37,637	271	40,770
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	59	1,037	11	1,107

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NOTE 15 : 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	
	2016 $'000	2015 $'000
Total segment revenue	**265,352**	80,197
Interest revenue	**319**	75
Total revenue from continuing operations (Note 3)	**265,671**	80,272

(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	
	2016 $'000	2015 $'000
Total segment EBITDA	**1,051**	1,259
Revenue not attributable to operating segments	**-**	(36)
Interest Revenue	**28**	50
Finance costs	**(431)**	(100)
Depreciation and amortisation	**(987)**	(1,368)
Impairment	**-**	(20,163)
Consultants and legal expenses	**(187)**	(173)
Employee benefits expenses	**(31)**	(834)
Other Expenses	**(335)**	(1,145)
Share-based payments	**152**	(871)
Operating (Loss) / Profit before income tax from continuing operations	**(740)**	(23,381)

Notes to the Consolidated Financial Statements

NOTE 15 : 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	
	2016 **$'000**	2015 (re-stated) $'000
Segment assets	**71,729**	67,088
Inter-segment eliminations	**(5,490)**	(13,719)
Current tax asset	**-**	62
Non-segment assets	**4,077**	7,949
Total assets per statement of financial position	**70,316**	61,380

(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	
	2016 **$'000**	2015 (re-stated) $'000
Segment liabilities	**58,601**	40,770
Inter-segment eliminations	**(14,223)**	(13,719)
Non-segment liabilities	**12,990**	19,474
Total liabilities per statement of financial position	**57,368**	46,525

Notes to the Consolidated Financial Statements

NOTE 16 : 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 was finalised during 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

	2016 $'000	2015 $'000
Results of discontinued operation		
Revenue	**277**	-
Expenses	**(162)**	(826)
Profit/(loss) before income tax expense	**115**	(826)
Income tax benefit/(expense)	**-**	
Net profit/(loss) after income tax of discontinued operation	**115**	(826)
Profit/(Loss) on sale of assets	**-**	-
Income tax on gain on closure of discontinued operation	**-**	-
Profit/(Loss) from discontinued operation	**115**	(826)
Cash flows from (used in) discontinued operations		
Net cash from / (used in) operating activities	**30**	(455)
Net cash (used in) / from investing activities	**(30)**	411
Net cash (used in) financing activities	**-**	-
Net increase/(decrease) in cash generated by the division	**-**	(44)

The carrying amounts of assets and liabilities as at 30 June 2016 were:

	2016 $'000	2015 $'000
ASSETS		
Cash	**-**	-
Receivables	**-**	4
Inventories	**-**	247
Total assets	**-**	251
LIABILITIES		
Payables	**4**	138
Loans from Related Parties	**706**	606
Provisions	**-**	333
Total Liabilities	**710**	1,077
Net (liabilities)/assets	**(710)**	(826)

Notes to the Consolidated Financial Statements

NOTE 16 : 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 was finalised during 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

	2016 $'000	2015 $'000
Results of discontinued operation		
Revenue and other income	**31**	163
Expenses	**(1,059)**	(460)
Profit/(loss) before income tax expense	**(1,028)**	(297)
Income tax benefit/(expense)	**-**	-
Net profit/(loss) after income tax of discontinued operation	**(1,028)**	(297)
(Loss) on sale of assets	**(124)**	-
Income tax on gain on closure of discontinued operation	**-**	-
(Loss) from discontinued operation	**(1,152)**	(297)
Cash flows from (used in) discontinued operations		
Net cash (used in) operating activities	**(286)**	(79)
Net cash from investing activities	**286**	73
Net increase/(decrease) in cash generated by the division	**-**	(6)

The carrying amounts of assets and liabilities as at 30 June 2016 were:

	2016 $'000	2015 $'000
ASSETS		
Cash	**-**	-
Receivables	**36**	2
Property, plant & equipment	**-**	1,400
Total assets	**36**	1,402
LIABILITIES		
Payables	**6**	9
Loans from Related Parties	**213**	108
Provisions	**-**	316
Total Liabilities	**219**	433
Net Assets	**(183)**	969

Notes to the Consolidated Financial Statements

NOTE 16 : DISCONTINUED OPERATIONS (continued)

NOMAD EASTERN STATES

(i) Description
In December 2013 the operations of Nomad Eastern States were discontinued. In December 2015 this business was sold and a gain of $887,000 was recognised on sale. This gain is included within loss from discontinued operations in the Statement of Profit and Loss and other Comprehensive Income.

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

(ii) Financial performance and cash flow information

	2016 **$'000**	2015 $'000
Results of discontinued operation		
Revenue and other income	**-**	16
Expenses	**(167)**	(898)
(Loss) before income tax expense	**(167)**	(882)
Income tax benefit/(expense)	**-**	-
Net (loss) after income tax of discontinued operation	**(167)**	(882)
Profit/(Loss) on sale of assets	**-**	-
Income tax on gain on closure of discontinued operation	**-**	-
(Loss) from discontinued operation	**(167)**	(882)
Cash flows from (used in) discontinued operations		
Net cash (used in) operating activities	**(304)**	(515)
Net cash from investing activities	**304**	513
Net (decrease) in cash generated by the division	**-**	(2)

The carrying amounts of assets and liabilities as at 30 June 2016 were:

	2016 **$'000**	2015 $'000
ASSETS		
Cash	**-**	-
Receivables	**-**	4
Property, plant & equipment	**-**	325
Total assets	**-**	329
LIABILITIES		
Payables	**-**	1
Loans from Related Parties	**-**	540
Provisions	**-**	2,139
Total Liabilities	**-**	2,680
Net Liabilities	**-**	(2,351)

Notes to the Consolidated Financial Statements

NOTE 16 : DISCONTINUED OPERATIONS (continued)

NOMAD GROUP

(i) Description
During 2015 Nomad Group Pty Ltd was established to focus on in-situ and modular construction in Far North Queensland (FNQ) and the Torres Strait. Due to poor operational performance and a sharp reduction in suitable tendering opportunities the Board determined to discontinue the activities of Nomad Group during the financial year ended 30 June 2016. All operational activities of this business have ceased.

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

(ii) Financial performance and cash flow information

	2016	2015
	$'000	$'000
Results of discontinued operation		
Revenue and other income	**515**	-
Expenses	**(1,228)**	-
(Loss) before income tax expense	**(713)**	-
Income tax benefit/(expense)	**-**	-
Net (loss) after income tax of discontinued operation	**(713)**	-
Profit/(Loss) on sale of assets	**-**	-
Income tax on gain on closure of discontinued operation	**-**	-
(Loss) from discontinued operation	**(713)**	-

Cash flows from (used in) discontinued operations		
Net cash (used in) operating activities	**(716)**	-
Net cash from investing activities	**716**	-
Net (decrease) in cash generated by the division	**-**	-

The carrying amounts of assets and liabilities as at 30 June 2016 were:

	2016	2015
	$'000	$'000
ASSETS		
Cash	**-**	-
Receivables	**3**	-
Total assets	**3**	-
LIABILITIES		
Loans from Related Parties	**(716)**	-
Total Liabilities	**(716)**	-
Net Liabilities	**(713)**	-

Notes to the Consolidated Financial Statements

NOTE 17 : CONTINGENCIES

Contingent liabilities

Contingent instruments
The Group had outstanding guarantees to the value of $4,349,227 (2015: $5,145,717) 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 2016 (2015: nil).

NOTE 18 : EVENTS OCCURRING AFTER THE REPORTING DATE

On 12 July 2016, the Company announced an agreement to acquire, through wholly owned subsidiaries, sizeable real estate holdings in the area at South Stradbroke Island, Queensland known as Couran Cove. The significant assets to be acquired are:

5) approximately 105 existing apartments;
6) 3 development lots with development approval for over 220 houses and lodges;
7) a number of commercial buildings; and
8) significant possible future development land

The Company plans to develop the 220 approved houses and lodges and sell the 105 existing apartments, which are expected to generate revenue of over $95m in the next four years. In addition to the existing apartments and approved development land, there may be further development opportunities that will be investigated over time relating to the large leasehold parcels of land that form part of the acquisition.

On 15 August 2016 shareholders approved the issuance of redeemable convertible preference shares (RCPS), to raise up to $21.5m to fund the acquisition of the various Couran Cove assets, undertake the renovation and sale program on the 105 existing apartments, commence development of the land parcels and provide general working capital.

The RCPS rank in priority to the Company's ordinary shares in respect of the payment of dividends. Holders of the RCPS are entitled to a cumulative but non-compounding fully franked fixed dividend of 8% per annum. Dividends on the RCPS are paid semi-annually. RCPS holders do not have the right to participate in any additional dividends declared for ordinary shareholders. These shares do not having voting rights.

Also on 15 August 2016 shareholders approved a resolution to consolidate every eight existing ordinary shares in the capital of the Company into one ordinary share. The consolidation was completed on 25 August 2016 and the number of ordinary shares on issue on 25 August 2016 post consolidation was 56,897,686.

No other matters or circumstances have arisen since 30 June 2016 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 19 : RECONCILIATION OF (LOSS) AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2016 $'000	2015 $'000
(Loss) for the year	**(1,755)**	(25,385)
Add/(Less) items:		
Depreciation and amortisation	**782**	1,388
Impairment charge – goodwill	**-**	15,116
Impairment charge – leasehold developments	**-**	3,169
Impairment charge – investment property	**-**	1,878
Impairment charge – assets held for sale	**94**	400
Impairment charge – property, plant, equipment	**-**	118
Loss on disposal of property, plant, equipment	**239**	403
Revaluation of contingent consideration	**(2,348)**	345
Transfer of property plant and equipment to cost of goods sold (Note 7)	**866**	-
Profit on disposal of discontinued subsidiary	**(903)**	-
Equity settled transactions	**-**	696
Share-based payments	**(152)**	172
Bad / Doubtful debts	**(983)**	974
Interest received	**(323)**	(76)
Release of provision for onerous contracts	**(3,515)**	-
Other movement in provisions and non-cash items	**(1,117)**	(200)
Change in operating assets and liabilities:		
(Increase) in trade debtors	**(10,890)**	(9,130)
(Increase) in inventories	**(2,226)**	(6,648)
Increase in trade creditors & other payables	**20,601**	11,691
Decrease in current tax asset / (liability)	**202**	(119)
(Increase) in provisions	**(1,507)**	(138)
Net cash used in operating activities	**(2,935)**	(5,346)

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Notes to the Consolidated Financial Statements

NOTE 20 : EARNINGS PER SHARE

		Consolidated 2016 Cents	2015 Cents
(b)	**Basic (loss) per share**	**(0.38)**	(8.2)
(c)	**Diluted (loss) per share**	**(0.38)**	(8.2)
(b)	**Basic (loss) per share from continuing operations**	**(0.16)**	(7.6)
(c)	**Diluted (loss) per share from continuing operations**	**(0.16)**	(7.6)
(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	**(1,755)**	(25,385)
	(Loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings / (loss) per share	**(1,755)**	(25,385)
	(Loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings / (loss) per share from continuing operations	**(740)**	(23,381)
	(Loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings / (loss) per share from continuing operations	**(740)**	(23,381)
(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	**455,815,831**	308,394,850
	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	**455,815,831**	308,394,850

(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.