16 August 2017

Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

**Re: Appendix 4E Final Report and 2017 Annual Report**

The Directors of Tamawood Limited announce the financial results for the year ended 30 June 2017.

Find attached the Appendix 4E Final Report and 2017 Annual Report.

Yours faithfully

**Geoff Acton**
Company Secretary

# Appendix 4E – Final Report

| | |
|---|---|
| Name of Entity: | **TAMAWOOD LIMITED** |
| ABN: | **56 010 954 499** |
| Financial Year Ended: | **30 June 2017** |
| Previous Corresponding Period: | **30 June 2016** |

## RESULTS FOR ANNOUCEMENT TO THE MARKET

| | | | | **$'000** |
|---|---|---|---|---|
| Revenue from ordinary activities | up | 20.0% | to | 123,125 |
| Profit from ordinary activities after tax attributable to members | up | 12.6% | to | 9,066 |
| Net profit attributable to members | up | 12.6% | to | 9,066 |

## DIVIDENDS

| | **Amount per security** | **Franking at 30% tax rate** | **Franked Amount per Security** |
|---|---|---|---|
| 2016 Final dividend (paid 1 December 2016) | 15 cents | 100% | 15 cents |
| 2017 Interim dividend (paid 2 June 2017) | 11 cents | 100% | 11 cents |
| TOTAL | 26 cents | 100% | 26 cents |

The final dividend for the 2017 year has not been declared at the date of this report. Tamawood Limited reaffirms that it will pay a fully franked dividend of 16 cents for the half year ended 30 June 2017 with a payment date of 1 December 2017. This represents a full year dividend for the year ended 30 June 2017 of 27 cents.

**Dividend reinvestment plan**
The dividend reinvestment plan has been suspended until further notice.

**Brief explanation of revenue, net profit and dividends to enable the above figures to be understood**
A review of operations for the Group is set out in the Directors' Report of the Annual Report together with the Chairman's Report.

## FINANCIAL STATEMENTS

Refer to the Annual Report for the following financial statements:

- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Financial Position
- Statement of Cash Flows
- Statement of Changes in Equity

## KEY FINANCIAL PERFORMANCE INDICATORS

| | 2017 | 2016 |
|---|---|---|
| **Net tangible asset backing** | | |
| Net tangible assets per ordinary security | 46.45 cents | 39.13 cents |
| **Earnings per security** | | |
| Basic earnings per share (cents) | 35.46 cents | 31.49 cents |
| Diluted earnings per share (cents) | 35.46 cents | 31.49 cents |
| Weighted average number of shares | 25,567,576 | 25,559,611 |
| **Profits before tax as % of revenue** | | |
| Consolidated profit from continuing operations before tax as a percentage of revenue | 10.80% | 11.32% |
| **Profit after tax as % of equity** | | |
| Consolidated net profit after tax as a percentage of equity | 74.12% | 76.46% |

**Operating performance, segments and performance trends**
Refer to the Annual Report for a review of operating performance and segment reporting note.

## AUDIT & COMPLIANCE STATEMENT

This report is based on the financial statements included in the attached 2017 Annual Report which have been audited and an unqualified audit opinion issued on.

This report, and the financial statements upon which it is based, use the same accounting policies.

# Tamawood Limited

**ABN 56 010 954 499**

## Annual Report

**For the Year Ended 30 June 2017**

**ABN 56 010 954 499**
**ASX Code: TWD**

# Contents
## For the Year Ended 30 June 2017

# Chairman's Letter

Dear Valued Shareholders

**The result for the year for the members of Tamawood Limited was a net profit after tax attributable to members of $9.066 million (2016: $8.049 million) up 12.63%. After adjusting for the resolution to the legal dispute settlement received in FY16 of $850,000, the net profit after tax is up 25.93%.**

I take this opportunity to thank all stakeholders in Tamawood Limited (TWD). In particular

- Our key suppliers and subcontractors for their continued support and dedication to building our customer homes.
- Our hard working staff, who have all handled increased workloads over the past twelve months, with the increase in sales and managed to test and integrate various modules of all new Senterprisys enterprise software, where TWD has a 23% share of the software business.
- We appreciate the continuous support of our customers and their positive endorsement on social media, who have assisted TWD reducing its advertising expenditure by additional 35.6%. We will further cement relationships with our customers with the introduction of a share based reward program in FY18.
- We thank our shareholders by continuing our successful shareholder discount program that has been in place for a number of years. I believe this is also contributing to our increase in sales.
- Finally I would again like to thank our shareholders, I appreciate their continuous input and their support to the Board and the initiatives we are trying to implement for the benefit of all our stakeholders.

I feel I need to bring to your attention that the Queensland construction industry is currently undergoing a period of aggressive regulatory enforcement and introduction of much stricter licencing requirements, which is resulting in reduced competition and increased compliance costs in our segment. We believe this will result in a reduction in the number of competitors and again lead to an increase in gross margins. TWD is well placed to meet additional compliance requirements due to the imminent release of the Senterprisys QA software, that includes end user interface and will be available to all stakeholders in FY18. Existing QA Software is used by limited number of key staff.

RLynch.

Mr Robert Lynch
Non-Executive Chairman

Dated 16 August 2017

# Managing Director's Report

### The Result

The result for the year for the members of Tamawood Limited was a net profit after tax attributable to members of $9.066 million (2016: $8.049 million) an increase of 12.63% to 35.46 cents per share (2016: 31.49 cents), after adjusting for the resolution to legal dispute settlement received in FY16 of $850,000, the net profit after tax is up 25.93%. This result enables us to pay a fully franked dividend of 16 cents per share which will be paid on 1 December 2017. This increases the full year dividend to 27 cents per share, fully franked. Tamawood remains debt free with $3.189 million in cash as at 30 June 2017.

### Highlights

- 8% increase in fully franked dividend to shareholders for FY17 to 27 cents (FY16: 25 cents).
- Increase of $21.814 million (22.19%) in construction revenue. There was small reduction in gross margin in FY17 caused by the following:
  - Further increase in sales and the policy of not capitalising expenses prior to contract signing, consequently the initial expenses reduce the gross margin when sales are growing.
  - The increase in compliance costs caused by the aggressive regulatory enforcement of the QBCC.
  - The continued effort to improve maintenance processes and reduce construction time.
- Increase of 33% in FY17 sales whilst reducing advertising spend by 35.6%.
- A reduction to 9.79% (FY16: 11.95%) in administration and operating costs as a % of total revenue.
- Strong recovery in approvals in last quarter of FY17 due to land supply recovering after Cyclone Debbie.
- Establishment of sales offices in Newcastle and Gladstone, office fitout also commenced in Port Macquarie.
- Completion of Dixon NSW Pty Ltd. buyback from minority shareholders.
- Implementation of compliant Employee Share Scheme, to create a sense of ownership amongst our permanent staff.
- Tamawood remains debt free with a cash balance of $3.189 million as at 30 June 2017.

**Operating results**

| | TWD Ltd FY17 | TWD Ltd FY16 | HIA Economic Data |
|---|---|---|---|
| Profit before tax & interest expense as a % of revenue^ | 10.80% | 11.32% | 10.40% |
| Wages & salaries as a % of revenue^ | 5.68% | 6.18% | 16.30% |
| Interest expense as a % of EBITDA* | 0% | 0% | 31.80% |

* Source: HIA Economic Research Note - June 2017.
^ Source: Housing Industry Australia Ltd Economic Group Industry Performance 2011-12 for residential construction industry.

# Managing Director's Report

### Construction

Revenue from construction activities increased by $21.814 million or 22.19% to $120.10 million on the back of improved sales in the last half of FY16 and continuing to improve in FY17 due to improved staff and subcontractor performance and continued reduction in construction time. The decrease of 0.5% in profit before tax as a % of revenue is caused due to

- Further increase in sales and the policy of not capitalising expenses prior to contract signing, consequently the initial expenses reduce the gross margin when sales are growing.
- The increase in compliance costs caused by the aggressive regulatory enforcement of the QBCC.
- The continued effort to improve maintenance processes and reduce construction time.

### New Enterprise Software Efficiencies

Tamawood continues to integrate further modules of the Senterprisys enterprise software in FY17. It is anticipated the integration will be complete in FY18 which will create further operating efficiencies for the Group. These efficiencies are highlighted by the decrease in wages as a % of revenue to 5.68% (2016: 6.18%). Further efficiencies are expected as software is being continuously debugged and new modules are being added. Full benefit of the implementation expected to crystallize in FY19.

### Franchising

Franchising growth has been slower than expected due to a number of franchises between Sydney and Brisbane now TWD operated and with the delayed delivery of the Senterprisys enterprise software. New software is not expected to be released to franchisees until early 2018. Full integration of the software into the franchising network is expected in FY18 and an offering of a Dixon Lite franchise model is being developed to be offered to potential franchisees. I want to personally thank Robert Lynch and Paul Hogan for the hard work and commitment to establish the framework for the Sydney franchise which has allowed the expansion into regional areas of NSW and expected to contribute positively to profits in FY18.

T Bartholomaeus

Mr Timothy Bartholomaeus
Managing Director

16 August 2017

# Directors' Report
## 30 June 2017

The directors present their report, together with the financial statements of the Group, being Tamawood Limited (the Company) and its controlled entities, for the financial year ended 30 June 2017.

### Directors

The names of the directors in office at any time during, or since the end of the year are:

| Names | Position |
|---|---|
| Mr Robert Lynch | Non-executive Chairman |
| Mr Lev Mizikovsky | Non-executive Director |
| Mr Rade Dudurovic | Non-executive Director |
| Mr Andrew Thomas | Non-executive Director |
| Mr Timothy Bartholomaeus | Managing Director |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Company secretary

The following persons held the position of Joint Company Secretary at the end of the financial year:

- Mr Geoff Acton (B.Com, ACA, GAICD)
- Miss Narelle Lynch ("Cert Gov Prac")

### Principal activities

The principal activities of the Group during the financial year were:

- Contract home construction, home design and other associated activities.
- franchising and licensing operations
- generating and trading of renewable energy certificates associated with solar products

There were no significant changes in the nature of the Group's principal activities during the financial year.

### Review of operations for the year

### Highlights

- 8% increase in fully franked dividend to shareholders for FY17 to 27 cents (FY16: 25 cents).
- Increase of $21.814 million (22.19%) in construction revenue. There was small reduction in gross margin in FY17 caused by the following:

  - Further increase in sales and the policy of not capitalising expenses prior to contract signing, consequently the initial expenses reduce the gross margin when sales are growing.

  -The increase in compliance costs caused by the aggressive regulatory enforcement of the QBCC.

  -The continued effort to improve maintenance processes and reduce construction time.
- Increase of 33% in FY17 sales whilst reducing advertising spend by 35.6%.
- A reduction to 9.79% (FY16: 11.95%) in administration and operating costs as a % of total revenue.
- Strong recovery in approvals in last quarter of FY17 due to land supply recovering after Cyclone Debbie.
- Establishment of sales offices in Newcastle and Gladstone, office fitout also commenced in Port Macquarie.
- Completion of Dixon NSW Pty Ltd. buyback from minority shareholders.

# Directors' Report
## 30 June 2017

### Review of operations for the year

### Highlights

- Implementation of compliant Employee Share Scheme, to create sense of ownership amongst our permanent staff.
- Tamawood remains debt free with a cash balance of $3.189 million as at 30 June 2017.

### Review of financial position

The net assets of the Group have increased by $1.642 million from $10.637 million at 30 June 2016 to $12.279 million at 30 June 2017. This increase is a result of the significant increase in its work-in-progress as at 30 June 2016**.**

### Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

### Dividends paid

| | $'000s |
|---|---|
| Final ordinary dividend of 15 cents per share, paid on 1 December 2016 | **3,834** |
| Interim ordinary dividend of 11 cents per share, paid on 2 June 2017 | **2,812** |

### Dividend recommended

The final dividend for the 2017 year has been declared at the date of this report. Tamawood Limited proposes that it will pay a fully franked dividend of 16 cents for the half year ended 30 June 2017, with a payment date of 1 December 2017. This represents a full year dividend for the year ended 30 June 2017 of 27 cents.

All dividends are fully franked.

### Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

### Future developments and results

The Group will continue to focus on improvements to its automated construction administration processes and operational efficiencies whilst looking to expand and develop its own franchise operations in NSW, Victoria and South Australia.

### Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia. There are various local council requirements that the Group must adhere to during the construction process.

# Directors' Report
## 30 June 2017

### Information on directors

**Mr Robert Lynch - Non-executive Chairman**
**LREA, Justice of the Peace**

As Chairman of Tamawood Limited, Robert has had more than 30 years experience in residential housing construction and land development. Robert was CEO of Mirvac Homes for 17 years and Clarendon Homes for two years.

Robert is a past President of the New South Wales Housing Industry Association.

Robert has been a Non-executive Director of the Tamawood Group since 2008 and Chairman of the Group since November 2011. He is currently the Chairman of the Group's Risk Management Committee and is a member of the Nominations, Remuneration and Audit Committees.

Robert has been a Non-executive Director of AstiVita Limited since February 2011.

**Mr Lev Mizikovsky - Non-executive Director**
**FAICD**

Lev Mizikovsky started Tamawood in July 1989. The Company was listed on the ASX in August 2000 and in December 2000 acquired Dixon Homes. Mr Mizikovsky is currently Non-executive Chairman of AstiVita Limited (AIR). Since 1997, Mr Mizikovsky has been a Fellow of the Australian Institute of Company Directors (AICD). He is a substantial shareholder in a number of other Queensland Companies including Collection House Limited (CLH) and Lindsay Australia Limited (LAU). Lev is a Non-executive Chairman of Antaria Limited (ANO) since 3 March 2017, Chairman of Senterprisys Ltd (formerly Resiweb Ltd) and was formerly a Non-executive director of Collection House Limited (CLH).

He is currently the Chairman of the Group's Remuneration and Nominations Committees and is a member of the Risk Management Committee.

**Mr Rade Dudurovic - Non-executive Director**
**B Com (Hons), LLB (Hons), CPA**

Rade has an extensive background in private equity with strong exposure to industrial and branded consumer manufacturing and distribution businesses particularly in the Asian region. He has qualifications in commerce and law and is a CPA as well as Senior Fellow of FINSIA.

Rade is a Non-executive Director of Antaria Limited (ANO) and AstiVita Limited (AIR). He is also Non-executive Chairman of QMI Pty Ltd.

Rade has been a Non-executive Director of Tamawood Limited since September 2007 and Chairman of the Audit Committee since 2008. He is also a member of the Group's Remuneration, Nominations and Risk Management Committees.

**Mr Andrew Thomas - Non-executive Director**

Andrew has been involved within the building industry for over 25 years. In that time he has been involved with several large scale unit developments, land developments and constructed many spec homes. Andrew has been a member of HIA and QMBA in Queensland for almost 20 years and has a builder's licence in Victoria and Queensland.

Andrew has a 26 year history with Tamawood, 20 years as a highly successful franchisor in Cairns and Townsville.

Andrew has been a Non-executive Director of Tamawood Limited for the past 16 years. Andrew is an active board member and keenly provides practical ideas and innovative solutions to executive management and board members on marketing and product design matters, as well as franchisee issues. Andrew is a member of the Group's Audit Committee and Risk Management Committee.

Andrew is not and has not been a director of any other publicly listed company in the past three years.

# Directors' Report
## 30 June 2017

### Information on directors

**Mr Timothy Bartholomaeus - Managing Director**

Timothy has been with the group since 1996 commencing as a Building Designer. Since 2001 he held a number of management positions including Design and Estimating Manager, Construction Manager, Administration Manager, Premium Brands Manager and Sales & Marketing Manager.

Timothy was Chief Operating Officer from 2010 until his appointment as Managing Director and is a Director of the Group's Dixon Homes NSW operations.

Timothy has regularly attended Board Meetings since 2010 and has significantly contributed to the Board's ability to navigate through a difficult period in the aftermath of the Global Financial Crisis.

Timothy is not and has not been a director of any other publicly listed company in the past three years.

Details of of each director's relevant interest in shares of the company can be found at page 13 of this report.

### Information on company secretary

**Mr Geoff Acton**
**B.Com, ACA, GAICD**

Geoff is a chartered accountant and has a 18 year history with Tamawood in various capacities including Director, Chief Financial Officer, Company Secretary and head of Tamawood’s Renewable Energy Certificates trading business, which Geoff established in 2004.

**Miss Narelle Lynch**
**"Cert(Gov Prac)"**

Narelle was appointed joint company secretary on 24 May 2013.

# Directors' Report
## 30 June 2017

### Meetings of directors

The number of meetings of directors (including committees of directors) held during the financial year and the number of meetings attended by each director were as follows:

| | Directors' Meetings | | Audit Committee | | Remuneration Committee | | Risk Management Committee | | Nominations Committee | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Mr Robert Lynch | 13 | 12 | 3 | 3 | 2 | 2 | 3 | 3 | 2 | 2 |
| Mr Lev Mizikovsky | 13 | 12 | 1 | 2* | 2 | 2 | 1 | 2* | 2 | 2 |
| Mr Rade Dudurovic | 13 | 12 | 3 | 3 | 2 | 2 | 3 | 3 | 2 | 2 |
| Mr Andrew Thomas | 13 | 13 | 3 | 3 | - | 2* | 3 | 3 | - | 2* |
| Mr Timothy Bartholomaeus | 13 | 13 | 1 | 3* | - | 2* | 1 | 3* | - | 2* |

* Attended by invitation

### Options

No options over issued shares or interests in the Company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

### Indemnification and insurance of officers

The Directors, Secretaries and Officers of the Group and its controlled entities are insured for liabilities that include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group.

The liabilities insured exclude any criminal, fraudulent, dishonest or malicious act or omission or improper use of information or position to gain a personal advantage.

### Non-audit services

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The total fees to the Group's external auditors, Hanrick Curran Audit Pty Ltd, for non-audit services during the year ended 30 June 2017 was $60 for the provision of refreshments for the AGM in November 2016 (2016: $240).

# Directors' Report
## 30 June 2017

### Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2017 has been received and can be found on page  of the financial report.

### ASIC Corporations Instrument 2016/191 rounding of amounts

The Group is an entity to which ASIC Corporations Instrument 2016/191 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars unless otherwise stated.

## Remuneration report (audited)

This remuneration report for the year ended 30 June 2017 outlines the remuneration arrangements of the key management personnel of the Group, including the Directors, in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

### Remuneration policy

The performance of Tamawood Limited depends upon the quality of its key management personnel. To prosper, the Group must attract, motivate and retain highly skilled Directors and other key management personnel.

To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre key management personnel
- Link executive rewards to shareholder value

In accordance with best practice corporate governance, the structure of Non-executive Director and Executive remuneration is separate and distinct.

### Non-executive Director Remuneration

*Objective*

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, and at a remuneration level within market rates.

*Structure*

The Constitution and the ASX Business Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held on 30 November 2012 when shareholders approved an aggregate remuneration of $300,000 per annum (inclusive of superannuation guarantee contributions).

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. Each Non-executive Director receives a fee for being a Director of the Group.

Non-executive Directors' fees and payments are reviewed annually by the Board. The Chairman's fee is determined independently to the fees of Non-executive Directors and based on comparable roles in the market. The Chairman is not present at any discussion relating to determination of his own remuneration.

The remuneration of Non-executive Directors for the period ended 30 June 2017 is detailed in the table at page 11 to this report.

## Remuneration report (audited)

### Remuneration policy

### Other Key Management Personnel

*Objective*

The Group aims to reward other key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- Align the interests of other key management personnel with those of shareholders
- Link rewards with the strategic goals and performance of the Group
- Ensure total remuneration is competitive by market standards

*Structure*

Remuneration consists of the following key elements:

- Fixed remuneration
- Other remuneration such as superannuation
- Discretionary bonus

### Relationship between remuneration policy and company performance

The Remuneration Committee is cognisant of the link between Directors', and other key management personnel remuneration to the achievement of strategic goals and performance of the Group. In setting the remuneration policy the Group seeks to align key management personnel rewards with overall shareholder value creation.

The Board reviews senior management remuneration on a regular basis to ensure base remuneration and any performance payments are directly linked to the achievement of profit contribution targets.

The following table shows the gross revenue, net profits and dividends for the last five years for the Group, as well as the share prices at the end of the respective financial years. The Group has maintained a consistent dividend policy during the past five years.

| | **2013 $'000** | **2014 $'000** | **2015 $'000** | **2016 $'000** | **2017 $'000** |
|---|---|---|---|---|---|
| Revenue | 95,086 | 81,076 | 95,319 | 101,753 | 122,949 |
| Net profit attributable to members of the parent entity | 4,970 | 5,051 | 6,416 | 8,049 | 9,066 |
| Dividends paid | 5,368 | 5,368 | 5,879 | 6,390 | 6,646 |
| Dividends per share (cents) | 21.0c | 21.0c | 23.0c | 25.0c | 26.0c |
| Share price at year-end (not rounded) | $2.45 | $3.18 | $3.48 | $3.10 | $3.69 |
| Weighted average no. of shares on issue at year end | 25,559 | 25,559 | 25,559 | 25,559 | 25,567 |

# Directors' Report
## 30 June 2017

## Remuneration report (audited)

The following table of benefits and payments details, in respect to the 2017 and 2016 financial years, the components of remuneration for each member of the key management personnel (KMP) of the Group.

| 2017 | Short-term benefits | | | Equity-settled share-based payments | Post employment | Long-term benefits | | |
|---|---|---|---|---|---|---|---|---|
| | Cash salary, fees & leave $ | Bonus $ | Non-monetary $ | Shares $ | Superannuation $ | LSL $ | Termination Benefits $ | TOTAL $ |
| **Non-executive directors** | | | | | | | | |
| - R Lynch | 63,480 | - | - | - | 40,073 | - | - | 103,553 |
| - L Mizikovsky | 47,615 | - | - | - | - | - | - | 47,615 |
| - R Dudurovic | 55,000 | - | - | - | - | - | - | 55,000 |
| - A Thomas | 43,282 | - | - | - | - | - | - | 43,282 |
| **Sub-total Non-executive Directors** | **209,377** | **-** | **-** | **-** | **40,073** | **-** | **-** | **249,450** |
| **Executive directors** | | | | | | | | |
| - T Bartholomaeus (Managing Director)[1] | 188,507 | 75,202 | 26,463 | 1,003 | 24,892 | 2,151 | - | 318,218 |
| **Sub-total executive directors** | **188,507** | **75,200** | **25,463** | **1,003** | **24,892** | **2,151** | **-** | **318,218** |
| **Other KMP** | | | | | | | | |
| - P Souter-Robertson (Franchise Manager) | 111,225 | 2,169 | - | 1,003 | 10,702 | - | - | 125,099 |
| - K Waldron (Sales Manager) | 122,218 | 7,203 | - | 1,003 | 10,955 | - | - | 141,379 |
| - P Hogan ( General Manager - DixonNSW Pty Ltd) Resigned as director on 15/05/2017 | 177,562 | 93,216 | 25,952 | - | 20,586 | - | - | 317,316 |
| - Jacqueline Rodger (Office Manager) | 95,063 | 199 | - | 1,003 | 8,171 | - | - | 104,436 |
| **Sub-total Other KMP** | **506,068** | **102,787** | **25,952** | **3,009** | **50,414** | **-** | **-** | **688,230** |
| **TOTAL** | **903,952** | **177,989** | **52,415** | **4,012** | **115,379** | **2,152** | **-** | **1,255,898** |

| 2016 | Short-term benefits | | | Equity-settled share-based payments | Post employment | Long-term benefits | | |
|---|---|---|---|---|---|---|---|---|
| | Cash salary, fees & leave $ | Bonus $ | Non-monetary $ | Shares $ | Superannuation $ | LSL $ | Termination benefits $ | TOTAL $ |
| **Non-executive directors** | | | | | | | | |
| - R Lynch (Chairman) | 67,500 | - | - | - | 22,500 | - | - | 90,000 |
| - L Mizikovsky | 50,000 | - | - | - | - | - | - | 50,000 |
| - R Dudurovic | 45,088 | - | - | - | | - | - | 45,088 |
| - A Thomas | 53,864 | - | - | - | - | - | - | 53,864 |
| **Sub-total Non-executive Directors** | **216,452** | **-** | | **-** | **22,500** | **-** | **-** | **238,952** |
| **Executive directors** | | | | | | | | |
| - T Bartholomaeus (Managing Director) | 172,481 | 72,500 | 25,849 | - | 23,350 | 3,270 | - | 297,450 |
| **Sub-total Executive Directors** | **172,481** | **72,500** | **25,849** | **-** | **23,350** | **3,270** | **-** | **297,450** |
| **Other KMP** | | | | | | | | |
| - P Souter-Robertson (Franchise Manager) | 111,554 | 20,000 | - | - | 12,350 | - | - | 143,904 |
| - K Waldron (Sales Manager) | 118,377 | 18,760 | - | - | 11,557 | - | - | 148,694 |
| - P Hogan ( General Manager & Director - DixonNSW Pty Ltd) | 150,000 | 70,000 | 25,953 | - | - | - | - | 245,953 |
| - P Chucherko (Quality & Maintenance Manager)resigned 11/02/16 | 105,340 | - | - | - | 9,790 | 14,615 | 24,037 | 153,782 |
| **Sub-total Other KMP** | **485,271** | **108,760** | **25,953** | **-** | **33,697** | **14,615** | **24,037** | **692,333** |
| **TOTAL** | **874,204** | **181,260** | **51,802** | **-** | **79,547** | **17,885** | **24,037** | **1,228,735** |

## Remuneration report (audited)

### Cash performance-related bonuses

None of the key management personnel remuneration paid is performance based, with the exception of personnel detailed below.

The terms and conditions relating to bonuses granted as remuneration during the year to key management personnel during the year are as follows:

| Bonuses paid and other short-term payments | Amount paid | Proportion of total remuneration related to performance | Proportion of remuneration not related to performance |
|---|---|---|---|
| **Executive Directors** | | | |
| T Bartholomaeus (Managing Director) | 75,202 | 24% | 76% |
| **KMP** | | | |
| P Hogan (Dixon NSW General Manager & Director - Dixon NSW) | 93,216 | 29% | 71% |
| K Waldron (Sales Manager) | 7,203 | 5% | 95% |
| P Souter-Robertson (Franchise Manager) | 2,169 | 2% | 98% |

Cash bonuses which were granted to key management personnel were awarded at the discretion of the Remuneration Committee during the financial year ended 30 June 2017. The bonuses therefore vested 100% during the financial year.

### Service Agreements

It is the Group's policy that service contracts and employment contracts for key management personnel are open-ended, but are capable of termination on two weeks notice. The Group retains the right to terminate the contract immediately by making payment equal to one month's remuneration in lieu of notice.

On termination, Directors and other key management personnel are entitled to receive their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. No other termination benefits are payable.

Unless otherwise stated, service agreements and employment contracts do not provide for predetermined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy outlined above. The manner of payment is determined on case by case basis and is generally a mix of cash and non-cash benefits as considered appropriate by the Board.

Please refer to Related parties note on page 49 for payment of services received by key management personnel.

# Directors' Report
**30 June 2017**

## Remuneration report (audited)

**KMP Shareholdings**

| | Balance at Beginning of Year | Granted as Remuneration during the Year | Issued on Exercise of Options during the Year | Other Changes during the Year | Balance at End of Year |
|---|---|---|---|---|---|
| | No. | No. | No. | No. | No. |
| L Mizikovsky | 12,442,821 | - | - | 9,597 | 12,452,418 |
| R Lynch | 532,052 | - | - | - | 532,052 |
| A Thomas | 605,404 | - | - | - | 605,404 |
| R Dudurovic | 10,059 | - | - | - | 10,059 |
| T Bartholomaeus | 585,182 | 590 | - | - | 585,772 |
| | **14,175,518** | **590** | **-** | **9,597** | **14,185,705** |

**Other Transactions with KMP and their Related Parties**

The terms and conditions, together with the amount of any transaction during the reporting period between the Group, or any of its subsidiaries, and a key management person and their related parties, are disclosed in Note 25 to the financial statements.

## End of Remuneration Report

This Directors' report, incorporating the Remuneration report, is signed in accordance with a resolution of the Board of Directors.

RLynch.

**Mr Robert Lynch**
Non-Executive Chairman

Dated 16 August 2017

hanrickcurran
ASSURANCE. STRATEGISTS
experience. new thinking

## Auditor's Independence Declaration to the Directors of Tamawood Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**Hanrick Curran Audit Pty Ltd**
**Authorised Audit Company: 338599**

**M. J. Green**
Director

Brisbane, 16 August 2017

# Corporate Governance Statement
## 30 June 2017

The objective of the Board of Tamawood Limited ("Tamawood") is to create and deliver long term shareholder value through a range of diversified but interrelated activities around home design, project management services and home contract construction.

Tamawood and its subsidiaries operate as a single economic entity under a unified Board and management. As such, the Board's corporate governance arrangements apply to all entities within the economic Group ("the Group").

Tamawood Limited has adopted the recommendations of the ASX Corporate Principles Edition 3. Tamawood has completed and lodged an Appendix 4G in conjunction with the lodgement of its Annual Report. Tamawood has clearly explained in its governance strategy where principles have been adopted and if not why not.

The company's charters, committees and corporate governance principles are on our website www.tamawood.com.au.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income
## For the Year Ended 30 June 2017

| | Note | 2017 $'000s | 2016 $'000s |
|---|---|---|---|
| Revenue | 3 | **122,949** | 101,753 |
| Other income | 3 | **172** | 850 |
| Labour, raw materials and consumables used | | **(97,773)** | (78,833) |
| Employee benefits expense | | **(6,993)** | (6,340) |
| Depreciation expense | 12 | **(252)** | (264) |
| Advertising | | **(894)** | (1,388) |
| Consultancy | | **(1,275)** | (1,485) |
| Other expenses | | **(2,631)** | (2,680) |
| **Profit before income tax** | | **13,303** | 11,613 |
| Income tax expense | 6 | **(4,201)** | (3,480) |
| **Profit for the year** | | **9,102** | 8,133 |
| **Other comprehensive income** | | | |
| Other comprehensive income for the year | | **-** | - |
| **Total comprehensive income for the year** | | **9,102** | 8,133 |
| **Profit attributable to:** | | | |
| Members of the parent entity | | **9,066** | 8,049 |
| Non-controlling interest | | **36** | 84 |
| | | **9,102** | 8,133 |
| **Total comprehensive income attributable to:** | | | |
| Members of the parent entity | | **9,066** | 8,049 |
| Non-controlling interest | | **36** | 84 |
| | | **9,102** | 8,133 |
| **Earnings per share** | | | |
| Basic earnings per share (cents) | 28 | **35.46** | 31.49 |
| Diluted earnings per share (cents) | 28 | **35.46** | 31.49 |

The 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 2017

| | Note | 2017 $'000s | 2016 $'000s |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 8 | **3,189** | 2,580 |
| Trade and other receivables | 9 | **7,228** | 5,254 |
| Inventories | 10 | **15,181** | 13,888 |
| Other assets | 11 | **284** | 8 |
| **Total Current Assets** | | **25,882** | 21,730 |
| **Non-Current Assets** | | | |
| Investment in associates | 19 | **255** | 255 |
| Property, plant and equipment | 12 | **669** | 723 |
| Deferred tax assets | 15 | **403** | 637 |
| **Total Non-Current Assets** | | **1,327** | 1,615 |
| **TOTAL ASSETS** | | **27,209** | 23,345 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 13 | **9,043** | 7,457 |
| Provisions | 14 | **499** | 464 |
| Current tax liabilities | 15 | **917** | 583 |
| **Total Current Liabilities** | | **10,459** | 8,504 |
| **Non-Current Liabilities** | | | |
| Provisions | 14 | **366** | 314 |
| Deferred tax liabilities | 15 | **4,105** | 3,890 |
| **Total Non-Current Liabilities** | | **4,471** | 4,204 |
| **TOTAL LIABILITIES** | | **14,930** | 12,708 |
| **NET ASSETS** | | **12,279** | 10,637 |
| **EQUITY** | | | |
| Issued capital | 16 | **434** | 407 |
| Reserves | 17 | **(479)** | (5) |
| Retained earnings | | **12,184** | 9,764 |
| **Total equity attributable to equity holders of Tamawood Limited** | | **12,139** | 10,166 |
| Non-controlling interest | | **140** | 471 |
| **TOTAL EQUITY** | | **12,279** | 10,637 |

The 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 2017

**2017**

| | Note | Ordinary Shares $'000s | Retained Earnings $'000s | General Reserves $'000s | Total $'000s | Non-controlling Interests $'000s | Total $'000s |
|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2016** | | **407** | **9,764** | **(5)** | **10,166** | **471** | **10,637** |
| **Comprehensive income for the year** | | | | | | | |
| Profit for the year | | **-** | **9,066** | **-** | **9,066** | **36** | **9,102** |
| Other comprehensive income for the year | | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total comprehensive income for the year** | | **-** | **9,066** | **-** | **9,066** | **36** | **9,102** |
| **Transactions with owners in their capacity as owners** | | | | | | | |
| Employee share scheme-Share based payment transactions | 1(r) | **27** | **-** | **-** | **27** | **-** | **27** |
| Transactions with non-controlling interests | 18(d) | **-** | **-** | **(474)** | **(474)** | **(367)** | **(841)** |
| Dividends paid | 7 | **-** | **(6,646)** | **-** | **(6,646)** | **-** | **(6,646)** |
| **Total transactions with owners in their capacity as owners** | | **27** | **(6,646)** | **(474)** | **(7,093)** | **(367)** | **(7,460)** |
| **Balance at 30 June 2017** | | **434** | **12,184** | **(479)** | **12,139** | **140** | **12,279** |

**2016**

| | Note | Ordinary Shares $'000s | Retained Earnings $'000s | General Reserves $'000s | Total $'000s | Non-controlling Interests $'000s | Total $'000s |
|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2015** | | 407 | 8,105 | (5) | 8,507 | 387 | 8,894 |
| **Comprehensive income for the year** | | | | | | | |
| Profit for the year | | - | 8,049 | - | 8,049 | 84 | 8,133 |
| Other comprehensive income for the year | | - | - | - | - | - | - |
| **Total comprehensive income for the year** | | - | 8,049 | - | 8,049 | 84 | 8,133 |
| **Transactions with owners in their capacity as owners** | | | | | | | |
| Dividends paid | 7 | - | (6,390) | - | (6,390) | - | (6,390) |
| **Total transactions with owners in their capacity as owners** | | - | (6,390) | - | (6,390) | - | (6,390) |
| **Balance at 30 June 2016** | | 407 | 9,764 | (5) | 10,166 | 471 | 10,637 |

The 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 2017

| | Note | 2017 $'000s | 2016 $'000s |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (including GST) | | **135,297** | 112,952 |
| Payments to suppliers and employees (including GST) | | **(123,784)** | (104,526) |
| Interest received | | **110** | 129 |
| Income tax paid | | **(3,417)** | (2,409) |
| Net cash from operating activities | 23 | **8,206** | 6,146 |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of property, plant and equipment | | **81** | 10 |
| Payments for property, plant and equipment | | **(285)** | (297) |
| Shares bought back by parent entity from non-controlling interests | 18(d) | **(527)** | - |
| Loan to related parties | | **(220)** | - |
| Payment for investments in associates | | **-** | (255) |
| Net cash used by investing activities | | **(951)** | (542) |
| **Cash flows from financing activities** | | | |
| Dividends paid by parent entity | 7 | **(6,646)** | (6,390) |
| Net cash used by financing activities | | **(6,646)** | (6,390) |
| Net increase (decrease) in cash and cash equivalents | | **609** | (786) |
| Cash and cash equivalents at beginning of year | | **2,580** | 3,366 |
| **Cash and cash equivalents at end of financial year** | 8 | **3,189** | 2,580 |

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

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

This financial report covers the consolidated financial statements and notes of Tamawood Limited and Controlled Entities (the 'Group'). Tamawood Limited is a for profit Company incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange Limited.

The financial statements were authorised for issue by the Board of Directors on 10 August 2017.

The separate financial statements and notes of the parent entity, Tamawood Limited, have not been presented within this financial report as permitted by the Corporations Act 2001. Parent entity summary is included in note 2.

### 1 Summary of Significant Accounting Policies

#### (a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**Rounding of amounts**

The Company is an entity to which ASIC Corporations Instrument 2016/191 rounding of amounts applies and accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

#### (b) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity’s financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity.  All controlled entities have a June financial year end.

**Non-controlling interests**

Non-controlling interests (i.e. equity in a subsidiary not attributable directly or indirectly to a parent) are presented in the consolidated statement of financial position within equity separately from the equity of the owners of the parent.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

#### (b) Principles of Consolidation

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Tamawood Limited.

**Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

A list of subsidiaries is contained in Note 18 to the financial statements.

**Associates**

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Under this method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

A list of associates is contained in Note 19 to the financial statements.

#### (c) Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

#### (c) Income Tax

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

**Tax consolidated group**

Tamawood Limited is the head entity for the income tax consolidation group. Each entity in the Group recognises its own current and deferred tax amounts which are measured using the "separate taxpayer within group" taxpayer approach for allocation. Current and deferred tax assets resulting from unused tax losses and tax credits are assumed by the parent entity. The current tax liability of each Group entity is also assumed by the parent entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered into tax sharing and funding arrangement.

Under the terms of the arrangement, the wholly-owned entities reimburse Tamawood Limited for any current income tax payable by Tamawood Limited arising in respect of their activities. The reimbursements are payable on the date advised by Tamawood Limited after the end of the relevant financial year. In the opinion of the Directors, the tax sharing agreement is also a valid arrangement under the tax consolidation legislation and limits the joint and several liabilities of the wholly-owned entities in the case of a default by Tamawood Limited.

#### (d) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening consolidated statement of financial position at the earliest date of the comparative period has been presented.

#### (e) Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

#### (e) Inventories

##### (i) Construction Contracts and Work in Progress for Contract Customers

Construction work in progress is the gross unbilled amount expected to be collected from customers for work performed to date.

Construction work in progress for contract customers is valued at cost, plus profit recognised to date less any provision for anticipated future losses and less progress billings. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to the expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of each contract adjusted for any variations or claims allowable under the contract.

##### (ii) Renewable Energy Certificates

Tamawood enters into renewable energy certificate contracts with both buyers and sellers. The renewable energy certificates are valued at the lower of cost or net realisable value. Cost of inventory is determined using the weighted average costs basis and are net of any rebates and discounts received.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

#### (f) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost model as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of costs of dismantling and restoring the asset, where applicable.

**Plant and equipment**

Plant and equipment comprising motor vehicles, office furniture and equipment, are measured using the cost model.

**Depreciation**

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a diminishing value method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The depreciation rates used for each class of depreciable asset are shown below:

| Fixed asset class | Depreciation rate |
|---|---|
| Motor Vehicles | 4 - 8 years |
| Office Furniture and Equipment | 2 - 10 years |

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

#### (g) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**Financial Assets**

Financial assets are assigned to different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the consolidated statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

#### (g) Financial instruments

**Financial liabilities**

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the consolidated statement of profit or loss and other comprehensive income line items "finance costs" or "finance income".

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities depending on the purpose for which the liability was acquired.

The Group‘s financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method.

**Impairment of financial assets**

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

**Financial assets at amortised cost**

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

#### (h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

#### (i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

#### (j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the consolidated statement of profit or loss and other comprehensive income.

**Provision for warranties**

The cost of rectification work undertaken during construction is charged as an expense in the year in which it is incurred. A provision is recognised for warranty in respect of houses constructed and products sold which are still under the statutory warranty period as at balance date. The provision for warranty has been based upon total sales for the past year and the history of claims made to date. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation.

#### (k) Earnings per share

The Group presents basic and diluted earnings per share information for its ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### (l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

#### (m) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

#### (n) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

**Building and construction**

Revenue from building design and preliminary project management services and the sale of display homes is recognised upon completion of relevant contractual terms.

Contract construction revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

**Renewable energy certificates**

Revenue from the sale of renewable energy certificates is recognised at the point of delivery or when renewable energy certificates have been approved and are available to meet contract obligations as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those certificates.

**Franchise revenue**

Franchise revenue is recognised once a franchisee has issued progress claims for the framing stage with their customer, and the franchisee charge is a percentage of the total contract. There are additional monthly charges for hardware maintenance, advertising and any other associated costs which can be charged per contracted agreements.

**Dividend revenue**

Dividends are recognised when the entity's right to receive payment is established.

#### (o) Research and development

#### (i) Expenditure incurred

Research costs are charged against profit or loss as incurred.

Development costs are deferred to future periods to the extent that the project will deliver future economic benefits and these benefits can be measured reliably and other relevant criteria met. Deferred costs are amortised from the commencement of commercial production of the product to which they relate on a straight line basis over the period of the expected benefit.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

#### (p) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (q) Foreign currency transactions and balances

**Functional and presentation currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

**Transaction and balances**

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

#### (r) Share based payments

The Group operates equity-settled share based payment employee share scheme. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense immediately with a corresponding increase to an equity acoount. The fair value of shares is ascertained as the market bid price.

An Employee Share Plan ( 'Plan' ) has been established to enable officers, staff and contractors to participate in the capital growth of the Company. The Group follows this by allowing all Eligible Employees of the Group to be issued shares in the Company. In line with the Plan, Eligible employees were issued 7,965 shares in the current financial year.

Offer to participate - The Board may, from time to time, at its absolute discretion, issue written offers to eligible employees, inviting them to accept shares in the Company ( 'Offer' ). The Board must make Offers on a non-discriminatory basis to at least 75% of Australian-resident permanent employees who have completed at least 3 years of service (whether continuous or non-continuous) with the Group

Restriction on disposal - A participant may not dispose of, deal in, or grant a security interest over, any interest in a share issued under the Plan until the earlier of

- the end of the period of three years commencing on the date of the issue of that share
- the date on which the participant is no longer employed by a Group company; and
- the end of any other period determined by the Board in accordance with relevant law.

Shares to rank pari passu - Shares issued under the Plan will rank equally in all respects with ordinary shares in the company for the time being on issue except for any rights attached to the shares by reference to a record date prior to the date of issue.

The Plan is in compliance with the Corporations Act and Listing Rules of ASX as amended or waived from time to time.

#### (s) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

**Key estimates - inventories**

As discussed in Note 1(e) the Group values its inventory at the lower of cost and net realisable value.

Estimates used in the calculation of net realisable value and cost of display homes and homes available for sale are based on selling prices for comparable properties in the nearby areas. There was no impairment required to be recognised.

**Key estimates - construction work in progress**

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts to deliver construction services as discussed in Note 1(e). Use of the percentage-of-completion method requires the Group to estimate the work performed to date as a proportion of the total estimated cost of construction to be performed. The key management personnel regularly review actual costs against contracted budgeted costs at each milestone of the construction cycle.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

#### (s) Critical accounting estimates and judgments

**Key estimates - provisions**

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes.

As discussed in Note 1(j), in determining the level of provisions required for warranties for construction of homes and products sold, the Group has made judgements in respect of the number of customers who will actually use the maintenance warranty and how often and the costs of fulfilling the performance of the maintenance warranty. Historical experience and current knowledge of the performance of products has been used in determining this provision. The related carrying amounts are disclosed in Note 14. The Group assesses provisions at each reporting date by evaluating conditions specific to the Group that may lead to a provision being raised. Where a future obligation for costs is to be incurred a provision is recognised.

#### (t) Adoption of new and revised accounting standards

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standard Board (AASB), that are relevant to their operations and effective for the current period.

During the current year, the following standards became mandatory and have been adopted retrospectively by the Group:

- AASB 2015-1 *Annual Improvements (2012 - 2014 cycle)*
- AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative.*
- AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative.*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses. However, the adoption of these standards had no material impact on the reported financial position or performance as discussed below.

AASB 2015-1 Annual Improvements (2012 - 2014 cycle). Clarifications are made on AASB 5 - reclassification from held for sale to held for distribution to owners or vice versa is considered as continuation of the plan of disposal; AASB 7 clarifies on disclosure requirements for transferred financial assets and offsetting arrangements; AASB 119 confirms that high quality corporate bonds or national government bonds used to determine discount rates must be in the same currency as the benefits paid to employee; AASB 134 clarifies information about cross references in the interim financial report. They have no material impact on the entity.

AASB 2015-2 Disclosure Initiative - Amendment to AASB 10. There are no changes to accounting policies covered by this standard, however this amendment provide clarification regarding the disclosure requirements in AASB 101. They have no material impact on the entity.

AASB 2016-2 Disclosure Initiative - Amendments to AASB 107. This amendment clarifies disclosures that enables users of financial statements to evaluate changes in liabilities arising from financing activities. They have no material impact on the entity.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

#### (u) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

| Standard Name | Effective date for entity | Requirements | Impact |
|---|---|---|---|
| AASB 9 Financial Instruments and amending standards AASB 2010-7 /AASB 2012-6 /AASB 2014-7 /AASB 2014-8 | 30 June 2019 | Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. | The entity has not yet determined the magnitude of any changes which may be needed. |
| AASB 15 Revenue from Contracts with Customers | 30 June 2019 | This standard provides guidance on the recognition of revenue from customers. | The entity has not yet determined the magnitude of any changes which may be needed. |
| AASB 16 Leases | 30 June 2020 | Significant revisions to accounting for operational leases on balance sheet by Lessees of property and high value equipment. However, exemptions for short-term leases and leases of low value assets will reduce the impact. | The entity has not yet determined the magnitude of any changes which may be needed. |
| AASB 2014-10 Amendments to Accounting Standards - Sale or Contribution of Assets between an investor and its Associate or Joint Venture | 30 June 2019 | The amendment addresses an inconsistency between the requirements in AASB 128 Investment in Associates and Joint Ventures and AASB 10 Consolidated Financial Statements and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the asset sold or contributed constitutes a business. | This will only have impact to the entity if there has been a sale or contribution of assets between the entity and its associate or joint venture. |

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 2 Parent entity

The following information has been extracted from the books and records of the parent, Tamawood Limited, and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Tamawood Limited, has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost in the financial statements of the parent entity.

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| **Statement of Financial Position** | | |
| **Assets** | | |
| Current assets | **3,086** | 1,919 |
| Non-current assets | **7,578** | 6,220 |
| **Total Assets** | **10,664** | 8,139 |
| **Liabilities** | | |
| Current liabilities | **1,018** | 629 |
| Non-current liabilities | **6,090** | 7,448 |
| **Total Liabilities** | **7,108** | 8,077 |
| **Equity** | | |
| Issued capital | **434** | 407 |
| Retained earnings | **3,122** | (345) |
| **Total Equity** | **3,556** | 62 |
| **Statement of Profit or Loss and Other Comprehensive Income** | | |
| Profit for the year | **10,333** | 7,055 |
| Total comprehensive income | **10,333** | 7,055 |

**Guarantees**

The parent entity did not have any guarantees as at 30 June 2017 or 30 June 2016 except as detailed in Note 21.

**Contingent liabilities**

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016.

**Contractual commitments**

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2017 or 30 June 2016.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 3 Revenue and Other Income

**Revenue from continuing operations**

| | Note | 2017 $'000s | 2016 $'000s |
|---|---|---|---|
| Sales revenue | | | |
| - Construction contract revenue | (a) | **120,103** | 98,289 |
| - Renewable energy certificates | | **1,901** | 1,973 |
| - Franchise revenue | | **792** | 1,010 |
| Other revenue | | | |
| - Interest revenue | | **110** | 129 |
| - Other items | | **43** | 158 |
| - Profit on disposal of NSW development land | | **-** | 194 |
| **Total Revenue** | | **122,949** | 101,753 |

**Other Income**

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| Resolution to legal dispute | **-** | 850 |
| Insurance recovery | **177** | - |
| Rental income | **-** | 12 |
| Net gain/(loss) on disposal of property, plant and equipment | **(5)** | (12) |
| **Total other income** | **172** | 850 |

**(a) Construction contract revenue**

Construction contract revenue includes $120.1m (2016: $98.3m) of revenue recognised for residential construction which are accounted for as agreements for the sale of goods on a continuous basis using the percentage of completion method.

### 4 Expenses

The result for the year includes the following specific expenses:

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| Defined contribution plan expenses | **529** | 467 |
| Bad and doubtful debts - trade receivables | **19** | 65 |
| Employee Share Scheme expenses | **27** | - |
| Rental expense on operating leases | | |
| - minimum lease payments | **884** | 927 |

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 5 Remuneration of Auditors

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Remuneration of the auditor of the parent entity, Hanrick Curran Audit Pty Ltd including related entities for: | | |
| - auditing or reviewing the financial report | **95,052** | 97,475 |
| - Other services | **60** | 240 |
| | **95,112** | 97,715 |

### 6 Income Tax Expense

**(a) Components of tax expense**

| | 2017 | 2016 |
|---|---|---|
| | $'000s | $'000s |
| **Current tax expense** | | |
| Current income tax | **3,742** | 2,480 |
| Adjustments in respect of current income tax of previous years | **9** | - |
| **Deferred tax expense** | | |
| Relating to origination and reversal of temporary differences | **450** | 1,000 |
| | **4,201** | 3,480 |

**(b) Reconciliation of income tax to accounting profit**

| | | |
|---|---|---|
| Profit before income tax from continuing operations | **13,303** | 11,613 |
| Prima facie income tax expense at the statutory income tax rate of 30% (2016: 30%) | **3,991** | 3,484 |
| The following items have affected income tax expense for the period: | | |
| Tax effect of: | | |
| - adjustments in respect of current income tax of previous years | **9** | - |
| - permanent differences | **201** | (4) |
| | **4,201** | 3,480 |

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 7 Dividends

**Dividends paid**

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| The following dividends were declared and paid: | | |
| Final dividend of 15 cents (fully franked at 30%) per fully paid share paid 1 December 2016 | **3,834** | - |
| Interim dividend of 11 cents (fully franked at 30%) per fully paid share paid 2 June 2017 | **2,812** | - |
| Final dividend of 15 cents (fully franked at 30%) per fully paid share paid 3 December 2015 | **-** | 3,834 |
| Interim dividend of 10 cents (fully franked at 30%) per fully paid share paid 3 June 2016 | **-** | 2,556 |
| **Total** | **6,646** | 6,390 |

**Total dividends per share**

| | 2017 Cents | 2016 Cents |
|---|---|---|
| Total dividends per share declared and paid | **26** | 25 |

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

**Proposed dividends**

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| Proposed final fully franked ordinary dividend of 16 cents per share (2016: 15 cents per share). | **4,090** | 3,834 |

The proposed final dividend has not been declared at the date of this report and therefore no liability has been provided for in the financial statements. There are no income tax consequences arising from this proposed dividend at year end.

**Franking account**

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| Balance of franking account at year end | **1,502** | 939 |
| **Adjusted for franking credits arising from:** | | |
| Payment of provision for income tax | **923** | 583 |
| The franking credits available for subsequent financial years at a tax rate of 30% | **2,425** | 1,522 |

The above available balance is based on the dividend franking account at year-end adjusted for:

(a) Franking credits that will arise from the payment of the current tax liabilities;

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 7 Dividends

**Franking account**

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;

(c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The impact on the franking credit of the dividends proposed after the end of the reporting period is to reduce it by $1.753m (2016: $ 1.643m).

The ability to use the franking credits is dependent upon the entity's future ability to declare dividends.

### 8 Cash and cash equivalents

| | 2017<br>$'000s | 2016<br>$'000s |
|---|---|---|
| Cash at bank | **1,179** | 1,580 |
| Short-term bank deposits | **2,010** | 1,000 |
| | **3,189** | 2,580 |

**Reconciliation of cash**

Cash and cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

| | 2017<br>$'000s | 2016<br>$'000s |
|---|---|---|
| Cash and cash equivalents | **3,189** | 2,580 |
| **Balance as per consolidated statement of cash flows** | **3,189** | 2,580 |

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 9 Trade and other receivables

| | Note | 2017 $'000s | 2016 $'000s |
|---|---|---|---|
| CURRENT | | | |
| Trade receivables | | **546** | 505 |
| Construction contract progress bills receivable | | **6,512** | 4,870 |
| Provision for impairment | 9(a) | **(60)** | (119) |
| Other receivables | | **230** | (2) |
| **Total current trade and other receivables** | | **7,228** | 5,254 |

#### (a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| Balance at beginning of the year | **119** | 65 |
| Additional impairment loss recognised | **46** | 65 |
| Reversal of impairment | **(105)** | (11) |
| **Balance at end of the year** | **60** | 119 |

#### (b) Aged analysis

The ageing analysis of trade receivables and construction contract progress bills receivable is as follows:

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| 0-30 days | **5,016** | 4,640 |
| 31-60 days | **886** | 246 |
| 61-90 days (past due not impaired) | **481** | 201 |
| 91+ days (past due not impaired) | **615** | 169 |
| 91+ days (considered impaired) | **60** | 119 |
| | **7,058** | 5,375 |

The amounts past due date but not impaired are those customers with good credit history and are therefore not impaired.

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. Refer to Note 26(a) for further details of credit risk management.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 10 Inventories

| | Note | 2017 $'000s | 2016 $'000s |
|---|---|---|---|
| CURRENT | | | |
| At cost: | | | |
| *Construction Work in Progress* | | | |
| - Construction work in progress | 10(a) | **13,685** | 12,967 |
| *Other inventories* | | | |
| - Renewable energy certificates | | **709** | 252 |
| - Display home and home available for sale | | **605** | 487 |
| *New South Wales developments* | | | |
| - Land | | **182** | 182 |
| | | **15,181** | 13,888 |

Write downs of inventories to net realisable value during the year were $ NIL (2016: $ NIL).

#### (a) Construction Contracts

As per the Group's accounting policy detailed at Note 1(e), construction work in progress consists of construction costs incurred and recognised profits, less recognised losses and progress claims invoiced.

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| Contract costs incurred plus recognised profits | **58,051** | 54,147 |
| Less: Progress claims | **(44,366)** | (41,180) |
| | **13,685** | 12,967 |

### 11 Other assets

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| CURRENT | | |
| Prepayments and other deposits | **284** | 8 |
| | **284** | 8 |

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 12 Property, plant and equipment

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| **Motor vehicles** | | |
| At cost | **927** | 821 |
| Accumulated depreciation | **(389)** | (322) |
| **Total motor vehicles** | **538** | 499 |
| **Office furniture & equipment** | | |
| At cost | **642** | 635 |
| Accumulated depreciation | **(511)** | (411) |
| **Total office equipment** | **131** | 224 |
| **Total property, plant and equipment** | **669** | 723 |

**(a) Movements in carrying amounts of property, plant and equipment**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

| Consolidated | Motor Vehicles $'000s | Office Equipment $'000s | Total $'000s |
|---|---|---|---|
| **Year ended 30 June 2017** | | | |
| Balance at the beginning of year | **499** | **224** | **723** |
| Additions | **276** | **9** | **285** |
| Disposals - written down value | **(86)** | **(1)** | **(87)** |
| Depreciation expense | **(151)** | **(101)** | **(252)** |
| **Balance at the end of the year** | **538** | **131** | **669** |
| **Year ended 30 June 2016** | | | |
| Balance at the beginning of year | 591 | 122 | 713 |
| Additions | 93 | 203 | 296 |
| Disposals - written down value | (22) | - | (22) |
| Depreciation expense | (163) | (101) | (264) |
| **Balance at the end of the year** | 499 | 224 | 723 |

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 13 Trade and other payables

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| CURRENT | | |
| Unsecured liabilities | | |
| Trade and other payables | **8,729** | 7,457 |
| Dividend payable | **314** | - |
| | **9,043** | 7,457 |

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

### 14 Provisions

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| CURRENT | | |
| Employee benefits | **459** | 464 |
| Other provisions | **40** | - |
| | **499** | 464 |
| NON-CURRENT | | |
| Warranties | **150** | 150 |
| Employee benefits | **216** | 164 |
| | **366** | 314 |

| | Warranties $'000s | Other provisions $'000s | Total $'000s |
|---|---|---|---|
| Opening balance at 1 July 2017 | **150** | **-** | **150** |
| Additional provisions | **-** | **40** | **40** |
| **Balance at 30 June 2017** | **150** | **40** | **190** |

**Provision for Warranties**

A provision of $150,000 at 30 June 2017 (2016: $150,000) has been recognised for estimated warranty claims in respect of houses constructed and products sold which are still under the statutory warranty period as at balance sheet date. The statutory warranty period as stated with the Queensland Building and Construction Commission is between 6 and 7 years of completed building work. The provision for warranties has been based upon total sales for the past year and the history of claims made to date.

Refer to Note 1(j) for the relevant accounting policy and a discussion of the estimations and assumptions applied in the measurement of this provision.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 14 Provisions

**Provision for Employee Benefits**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current as the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

The measurement and recognition criteria relating to employee benefits have been discussed at Note 1(i).

### 15 Tax

**(a) Current tax liabilities**

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| Income tax payable | **917** | 583 |
| | **917** | 583 |

**(b) Recognised deferred tax assets and liabilities**

| | Note | 2017 $'000s | 2016 $'000s |
|---|---|---|---|
| Deferred tax assets | 15(c) | **403** | 637 |
| | | **403** | 637 |
| Deferred tax liabilities | 15(d) | **4,105** | 3,890 |
| | | **4,105** | 3,890 |

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 15 Tax

#### (c) Deferred tax assets

| | Opening Balance $'000s | Charged to Income $'000s | Closing Balance $'000s |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Provisions | 81 | - | 81 |
| Employee benefits | 184 | 4 | 188 |
| Accrued expenses | 15 | (3) | 12 |
| Deferred tax assets attributable to tax losses | 239 | 77 | 316 |
| Plant and equipment | 10 | (2) | 8 |
| Other | 28 | 4 | 32 |
| **Balance at 30 June 2016** | 557 | 80 | 637 |
| Provisions | **81** | **(6)** | **75** |
| Employee benefits | **188** | **15** | **203** |
| Accrued expenses | **12** | **2** | **14** |
| Deferred tax assets attributable to tax losses | **316** | **(216)** | **100** |
| Plant and equipment | **8** | **(6)** | **2** |
| Other | **32** | **(23)** | **9** |
| **Balance at 30 June 2017** | **637** | **(234)** | **403** |

#### (d) Deferred tax liability

| | Opening Balance $'000s | Charged to Income $'000s | Closing Balance $'000s |
|---|---|---|---|
| **Deferred tax liability** | | | |
| Work in progress | 2,767 | 1,123 | 3,890 |
| Accrued income | 42 | (42) | - |
| **Balance at 30 June 2016** | 2,809 | 1,081 | 3,890 |
| Work in progress | **3,890** | **215** | **4,105** |
| **Balance at 30 June 2017** | **3,890** | **215** | **4,105** |

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 16 Issued Capital

| | 2017 | 2016 |
|---|---|---|
| | $'000s | $'000s |
| 25,567,576 (2016: 25,559,611) Ordinary shares fully paid | **434** | 407 |
| | **434** | 407 |

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

#### (a) Movement in ordinary shares

| | 2017 | 2016 |
|---|---|---|
| | $'000s | $'000s |
| At the beginning of the reporting period | **407** | 407 |
| Shares issued under the Employee Share Scheme | **27** | - |
| **At the end of the reporting period** | **434** | 407 |

| | 2017 | 2016 |
|---|---|---|
| | No. | No. |
| At the beginning of the reporting period | **25,559,611** | 25,559,611 |
| Shares issued during the year<br>- Employee Share Scheme | **7,965** | - |
| At the end of the reporting period | **25,567,576** | 25,559,611 |

#### (b) Capital Management

Management controls the capital of the Group in order to maintain a conservative debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group is required to maintain a current ratio greater than 1:1 under its licensing conditions with the Queensland Building and Construction Commission and the NSW Home Owners Warranty Scheme.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the statement of financial position.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

#### (c) Dividend Re-investment Plan

The Dividend Re-investment Plan was suspended on 24 February 2012 and has remained suspended since that date.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 17 Reserves

| | | 2017 $'000s | 2016 $'000s |
|---|---|---|---|
| **Transactions with Non-Controlling Interest (NCI) reserve** | | | |
| Opening balance | | **(5)** | (5) |
| Transactions with NCI - Dixon NSW Pty Ltd | 18(d) | **(474)** | - |
| **Ending balance** | | **(479)** | (5) |

The Transactions with NCI Reserve is used to record the differences described in note 1(b) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

### 18 Interests in Subsidiaries

**(a) Composition of the Group**

| | Principal place of business / Country of Incorporation | Percentage Owned (%)* 2017 | Percentage Owned (%)* 2016 |
|---|---|---|---|
| **Subsidiaries:** | | | |
| Dixon Build Pty Ltd | Brisbane, Australia | **100** | 100 |
| Dixon NSW Pty Ltd [1] | Sydney, Australia | **100** | 75 |
| DixonRes Pty Ltd | Brisbane, Australia | **100** | 100 |
| Dixon Systems Pty Ltd1 | Brisbane, Australia | **100** | 100 |
| SolarpowerRex Pty Ltd | Brisbane, Australia | **70** | 70 |
| SolarRex Pty Ltd [2] | Brisbane, Australia | **70** | 70 |

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

**[1]Dixon NSW Pty Ltd**

Dixon NSW Pty Ltd was incorporated on 25 October 2012 with Tamawood Limited controlling 75% of the company.

On 30 April 2017 the remaining shares owned by the Chairman of Tamawood Limited, Mr Robert Lynch (7.5%), and the General Manager and Director of Dixon NSW Pty Ltd, Mr Paul Hogan (17.5%) were purchased by Tamawood Limited making Dixon NSW Pty Ltd a wholly owned subsidiary.

**[2]SolarRex Pty Ltd**

SolarRex Pty Ltd (formerly SolarRex Limited) was incorporated in November 2015 which owns 100% of the issued capital of SolarpowerRex Pty Ltd.

Shares in SolarRex Pty Ltd are owned by Tamwood Ltd (70%) and the remaining shares are owned by Mr Geoff Acton (25%) and Mr Rade Dudurovic (5%). The share allotments in prior years formed part of Mr Acton's remuneration to manage the Renewable Energy trading business and Mr Dudurovic's remuneration in his capacity as Director of SolarRex Pty Ltd.

**(b) Significant restrictions relating to subsidiaries**

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 18 Interests in Subsidiaries

#### (c) Non-controlling interests

None of the Group's subsidiaries have non-controlling interests that are material to the Group.

#### (d) Transactions with Non-controlling interests

**Acquisition of ownership interest**

On 30 April 2017, Tamawood Ltd (the parent) acquired 75,000 shares representing a 25% additional interest in Dixon NSW Pty Ltd making it a wholly owned sbsidiary of the the Group and therefore the Group structure did not change, although the non-controlling interest decreased.

The effect of this transaction on the equity attributable to owners of the parent is shown below:

| | 2017 |
|---|---|
| | $'000s |
| NCI interest acquired | 367 |
| Less: Dividend provided | (314) |
| Less: Consideration paid | (527) |
| **Increase / (decrease) in parent entity equity** | **(474)** |

Note: the increase / decrease to parent equity is recorded in the Transactions with Non-controlling Interest reserve.

### 19 Investment in Associates

| | Principal place of business / Country of Incorporation | Percentage Owned (%)* 2017 | Percentage Owned (%)* 2016 |
|---|---|---|---|
| **Associates:** | | | |
| Senterprisys Limited (Formerly Resiweb Limited) | Brisbane, Australia | **23.53** | 23.53 |

*The percentage of ownership interest held is equivalent to the percentage voting rights for all associates.

All associates have the same year end as the parent entity.

There are no significant restrictions on the ability of associates to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the entity.

**Senterprisys Limited (Formerly Resiweb Limited)**

Senterprisys Limited is a public company that is developing a software system including back-office and client interface processes to support small home builders. The Group's interest in the company represents a strategic investment. During the year 2014 Senterprisys Limited issued 12,773,403 shares in the company to Tamawood Limited as consideration for the acquisition of Tamawood Research and Development Pty Ltd from Tamawood Limited. On 6 January 2016, Tamawood purchased a further 12,773,403 shares in Senterprisys Limited at 2 cents per share ($255,468.06).

The Group's interest in Senterprisys Limited is not considered to be individually material. No dividends were received

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 19 Investment in Associates
from Senterprisys Limited during the year.

### 20 Capital and Leasing Commitments

#### (a) Operating Leases

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| Minimum lease payments under non-cancellable operating leases: | | |
| - not later than one year | **585** | 836 |
| - later than one year but not later than five years | **426** | 761 |
| | **1,011** | 1,597 |

Operating lease commitments are comprised of various leases for office premises. The leases are non-cancellable with varying terms of between two and five years. Provisions within the lease agreements require that minimum lease payments be increased by the change in consumer price index (CPI) on an annual basis.

#### (b) Other Commitments

The Group had no other significant capital expenditure or lease commitments at 30 June 2017 (30 June 2016: None).

### 21 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2017 (30 June 2016: None) except as follows:

Tamawood Limited has entered into a Deed of Guarantee and Indemnity for the performance of the subsidiary, SolarpowerRex Pty Ltd's obligation under a Small Scale Technology Certificate Fixed Volume agreement. This agreement is due to expire in February 2018.

From time to time the Group receives claims from its customers and third parties in relation to rectification to building faults and other claims. The Directors' believe that these types of claims currently outstanding are not material to the results of the financial statements and in any case can be resolved with the respective parties. Other legal claims are adequately covered by its insurance and it is unlikely that the Group will be required to meet the costs of the claims, apart from the normal insurance excess requirements.

Contingent Assets

At the reporting date the Group had no contingent assets.

### 22 Operating Segments

#### Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 22 Operating Segments

**Description of segments**

Management has determined the operating segments based on reports reviewed by the Board for making strategic decisions. The Board monitors the business based on the business segments as identified in the principal activities in the Directors' Report.

- **Construction QLD**

Home design, project management services and associated activities including home contract construction activities in selected Queensland markets;

- **Construction NSW**

Home design, project management services and associated activities including home contract construction activities in New South Wales;

- **Franchises**

Franchising and licensing operations in regional Queensland, New South Wales, ACT and New Zealand;

- **Renewable Energy**

Generating and trading of renewable energy certificates associated with solar products;

**Basis of accounting for purposes of reporting by operating segments**

**(a) Accounting policies adopted**

Unless stated below, all amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

**(b) Inter-segment transactions**

Segment revenues, expenses and results include transfers between segments but exclude intra group management fees. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Group at an arm's length. These transactions are eliminated on consolidation.

**(c) Segment assets**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

**(d) Segment liabilities**

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables, tax liabilities and certain direct borrowings.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 22 Operating Segments

#### (e) Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense
- other financial liabilities
- intercompany administration and management fees
- investment in associates and share of profit or loss from associates

#### (f) Geographical information

The consolidated entity only operates within Australia**.**

#### (g) Major customers

No single customer of the Group accounts for more than 10% of the Group's revenues from external customers.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 22 Operating Segments

#### (h) Segment performance

| | Construction QLD | | Construction NSW | | Franchises | | Renewable Energy | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s |
| **REVENUE** | | | | | | | | | | |
| Revenue from external customers | **106,172** | 87,389 | **13,931** | 10,900 | **792** | 1,010 | **1,901** | 1,973 | **122,796** | 101,272 |
| Inter-segment revenue | **-** | - | **-** | - | **2,598** | 2,321 | **-** | - | **2,598** | 2,321 |
| Interest revenue | **47** | 51 | **7** | 8 | **3** | 3 | **2** | 2 | **59** | 64 |
| **Total segment revenue** | **106,219** | 87,440 | **13,938** | 10,908 | **3,393** | 3,334 | **1,903** | 1,975 | **125,453** | 103,657 |
| **Net profit/(loss) before tax*^** | **11,996** | 9,180 | **253** | 641 | **1,831** | 1,514 | **(98)** | (33) | **13,982** | 11,302 |
| Depreciation and amortisation | **21** | 25 | **39** | 37 | **70** | 57 | **-** | 4 | **130** | 123 |
| **Segment assets** | **23,740** | 22,912 | **4,387** | 3,451 | **2,247** | 2,030 | **903** | 435 | **31,277** | 28,828 |
| **Segment liabilities** | **11,634** | 10,464 | **4,338** | 2,227 | **76** | 120 | **760** | 224 | **16,808** | 13,035 |

^ The reduction in profit in NSW is due to set up costs of new regional offices in FY17 and large profits in land sales in FY16.

*Refer to Note 22(b) for inter-segment transactions

| | 2017 | 2016 |
|---|---|---|
| | $'000s | $'000s |
| **Construction NSW - profit/(loss) before tax attributable to:** | | |
| - Members of the parent entity | **197** | 481 |
| - Non-controlling interests | **56** | 160 |
| **Renewable Energy - profit/(loss) before tax attributable to:** | | |
| - Members of the parent entity | **(69)** | (23) |
| - Non-controlling interests | **(29)** | (10) |

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 22 Operating Segments

#### (i) Reconciliations

**Reconciliation of segment revenue to consolidated statement of profit or loss and other comprehensive income**

| | 2017<br>$'000s | 2016<br>$'000s |
|---|---|---|
| Total segment revenue | **125,453** | 103,657 |
| Intersegment eliminations | **(2,598)** | (2,321) |
| Other revenue not included in segments | **266** | 417 |
| **Total revenue** | **123,121** | 101,753 |

**Reconciliation of segment net profit before tax to the consolidated statement of profit or loss and other comprehensive income**

| | | |
|---|---|---|
| Segment net profit before income tax | **13,982** | 11,302 |
| Unallocated amounts not included in segment results | **(735)** | 311 |
| Share of profit distributed to non-controlling interest | **56** | - |
| **Total net profit before tax** | **13,303** | 11,613 |

**Reconciliation of segment assets to the consolidated statement of financial position**

| | | |
|---|---|---|
| Segment assets | **31,277** | 28,828 |
| Intersegment eliminations | **(8,989)** | (7,944) |
| Other unallocated assets | | |
| - Cash and cash equivalents | **2,122** | 1,658 |
| - Trade and other receivables | **2,058** | 45 |
| - Property, plant and equipment | **438** | 425 |
| - Deferred tax assets | **49** | 78 |
| - Investment in associates | **255** | 255 |
| - Other amounts | **(1)** | - |
| **Total assets per the consolidated statement of financial position** | **27,209** | 23,345 |

**Reconciliation of segment liabilities to the consolidated statement of financial position.**

| | | |
|---|---|---|
| Segment liabilities | **16,808** | 13,035 |
| Intersegment eliminations | **(1,726)** | (956) |
| Other unallocated liabilities | | |
| - Current tax liabilities | **923** | 582 |
| - Other liabilities | **(1,075)** | 47 |
| **Total liabilities per the consolidated statement of financial position** | **14,930** | 12,708 |

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 23 Cash Flow Information

**Reconciliation of profit for the year to net cash from operating activities**

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| Profit after income tax for the year | **9,102** | 8,133 |
| Adjustments for non-cash items in profit: | | |
| - depreciation | **252** | 264 |
| - net (gain)/loss on disposal of property, plant and equipment | **5** | 12 |
| - Employee share scheme expense | **27** | - |
| Net changes in assets and liabilities: | | |
| - (increase)/decrease in trade and other receivables | **(1,754)** | (1,318) |
| - (increase)/decrease in prepayments | **(276)** | 128 |
| - (increase)/decrease in inventories | **(1,292)** | (3,322) |
| - (increase)/decrease in deferred tax receivable | **235** | (81) |
| - increase/(decrease) in trade and other payables | **1,270** | 1,214 |
| - increase/(decrease) in income taxes payable | **334** | 71 |
| - increase/(decrease) in deferred tax liabilities | **215** | 1,081 |
| - increase/(decrease) in provisions | **88** | (36) |
| **Net cash from operating activities** | **8,206** | 6,146 |

### 24 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses and consultancy expenses for the year is shown below:

| | 2017 $ | 2016 $ |
|---|---|---|
| Short-term employee benefits | **1,134,356** | 1,107,266 |
| Long-term benefits | **2,151** | 17,885 |
| Post-employment benefits | **115,379** | 79,547 |
| Termination benefits | **-** | 24,037 |
| Employee share scheme - Share-based payments | **4,012** | - |
| | **1,255,898** | 1,228,735 |

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2017.

### 25 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Amounts receivable from related parties for the sale and purchase of goods and services are unsecured and interest free and are included in the balances of trade and other receivables. Balances are settled within normal trading terms or as per agreement with the Board. No provisions for doubtful debts have been recognised on these outstanding balances, nor have any bad debt expenses been incurred.

### 25 Related Party Transactions

**(a) The Group's main related parties are as follows:**

*(i) Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel ('KMP').

AstiVita Limited and Advanced Nano Technologies Ltd. (ANO) are deemed to be related party of Tamawood Limited by virtue of Mr L Mizikovsky, Non-executive Director of Tamawood Limited, having a controlling interest in AstiVita and ANO. Transactions between the Group and the above related parties are disclosed below.

Transactions with KMP and their related parties, excluding remuneration, are shown below. Amounts disclosed below are rounded to the nearest dollar.

For details of remuneration disclosures relating to KMP, refer to Note 24 and the remuneration report in the Directors' Report.

*(ii) Entities subject to significant influence by the Group (associates):*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

The Group's only associate is Resiweb Limited as detailed in Note 19.

**(b) Transactions with related parties**

*(i) Sale of goods and services*

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| *Key management personnel:* | | |
| **Mr L Mizikovsky - Non-executive Director** | | |
| Sales to an entity controlled by Mr L Mizikovsky | | |
| - for construction materials supplied by Dixon Build Pty Ltd | **9,806** | 104,484 |
| - for miscellaneous services | **8,047** | - |
| - insurances | **11,850** | 6,569 |
| **Mr G Acton - Joint Company Secretary** | | |
| - Rent collected on leased property & miscellaneous services | **7,233** | 6,530 |
| **Mr R Lynch - Non-executive Director** | | |
| - Recovery of travel charges by Dixonbuild Pty Ltd. | **-** | 234 |
| **Mr A Thomas - Non-executive Director** | | |
| - franchise fees to Dixon Systems Pty Ltd | **230,163** | 328,654 |
| - insurance fees charged by Tamawood Ltd | **6,600** | 6,000 |
| - recovery of approval fees by Dixonbuild Pty Ltd. | **-** | 2,182 |
| **Mrs P Bartholomaeus - Sr. Designer, Dixon Systems Pty Ltd** | | |
| - Insurance fees charged by Tamawood Ltd | **600** | 500 |

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 25 Related Party Transactions

#### (b) Transactions with related parties

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| *Related party* | | |
| **AstiVita Limited** | | |
| - Sales to AstiVita for advertising, IT and administration services | **24,927** | 18,536 |
| **Advanced Nano Technologies Ltd** | | |
| - Sales to ANTL for IT and administration services | **12,385** | - |
| *Associates:* | | |
| **Senterprisys Limited (Formerly Resiweb Limited)** | | |
| - Accounting and general services provided | **6,954** | 18,230 |
| - Rent collected on leased property | **37,387** | 36,908 |
| - Insurance fees charged by Tamawood Ltd. | **600** | 1,000 |

*(ii) Purchase of goods and services*

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| *Key management personnel:* | | |
| **Mr L Mizikovsky - Non-executive Director** | | |
| - Lease of premises from an entity controlled by Mr L Mizikovsky | **429,391** | 423,880 |
| - Purchase of renewable energy certificates | **1,537** | - |
| **Mr R Lynch - Non-executive Director** | | |
| - Lease of property at Schofield NSW | **-** | 34,600 |
| - Payment towards 7.5% ownership in Dixon NSW Ltd, purchased by Tamawood Ltd | **159,733** | - |
| **Mr A Thomas - Non-executive Director** | | |
| - Purchase of renewable energy certificates from an entity controlled by Mr A Thomas | **35,302** | 49,749 |
| **Mr P Hogan - General Manager, Dixon NSW Pty Ltd** | | |
| - Provision of management services to Dixon NSW Pty Ltd | **52,500** | 220,000 |
| - Remuneration as General Manager of Dixon NSW Pty Ltd | **238,864** | - |
| - Payment towards 17.5% ownership in Dixon NSW Pty Ltd purchased by Tamawood Ltd | **366,878** | - |
| **Mr R Dudurovic - Non-executive Director** | | |
| - Provision of management services to SolarpowerRex Pty Ltd | **11,963** | 9,065 |
| **Mr G Acton - Joint Company Secretary** | | |
| - Provision of management services to SolarpowerRex Pty Ltd | **59,814** | 47,872 |
| - Provision of consulting, secretarial and payroll services to subsidiaries within the Group | **181,175** | 189,559 |
| **Mrs P Bartholomaeus - Senior Designer, Dixon Systems Pty Ltd** | | |
| - Remuneration | **61,141** | 67,538 |

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 25 Related Party Transactions

#### (b) Transactions with related parties

| | 2017 $ | 2016 $ |
|---|---|---|
| *Related party* | | |
| **AstiVita Limited** | | |
| - Purchase of materials including bathroom, kitchen and solar products | **1,363,566** | 1,077,096 |
| - Purchase of vehicle | **13,636** | - |
| *Associates:* | | |
| **Senterprisys Limited (Formerly Resiweb Limited)** | | |
| - Computer support services provided to the Group | **441,429** | 416,000 |

*(iii) Outstanding balances*

| | 2017 $ | 2016 $ |
|---|---|---|
| *Key management personnel:* | | |
| **Mr L Mizikovsky - Non-executive Director** | | |
| - Amounts receivable for construction material supplied by Dixonbuild Pty Ltd | **4,749** | 10,822 |
| **Mr A Thomas - Non-executive Director** | | |
| - Amounts receivable by Dixon Systems Pty Ltd for franchise fees | **40,428** | 73,898 |
| - Amounts payable by SolarpowerRex Pty Ltd | **7,837** | 9,280 |
| *Related party* | | |
| **AstiVita Limited** | | |
| - Amounts payable for purchases by Dixonbuild Pty Ltd and Dixon NSW Pty Ltd | **24,052** | 3,236 |
| - Amounts receivable for IT services | **1,200** | 50 |
| *Associates* | | |
| **Senterprisys Limited (Formerly Resiweb Limited)** | | |
| - Amounts receivable for accounting services by Dixon Build | **536** | 371 |

### 26 Financial Risk Management

This note discloses the Group's objectives, policies and processes for managing and measuring these risks.

The Group is primarily exposed to the following financial risks:

- Market risk - interest rate risk
- Credit risk
- Liquidity risk

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 26 Financial Risk Management

**Objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and whilst remaining ultimately responsible for them, it has delegated the authority to management for developing and operating processes that ensure the effective implementation of the objectives and policies of the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impact of these risks on the results of the Group where such impact may be material.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and accounts payable.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

**(a) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The objective of the Group is to minimise the risk of loss from credit risk exposure.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

There is no significant concentration of credit risk with respect to current and non-current receivables as the Group has a large number of customers. The nature of the Group's business is such that 90% (2016: 90%) of the Group's current trade receivables were individual construction contracts which were secured by external lending institutions. The largest single construction receivable was $219,860 (2016: $173,090) and has been fully received. The remainder of the Group's current trade receivables is represented by debtors of the Franchise segment. The largest single receivable was for $83,720 (2016: $73,898). Therefore, the Group does not have any material credit risk exposure to any single receivable or group of receivables.The Board believe that the Group's receivables are adequately diversified therefore ensuring the Group does not have significant credit risk.

The Group's maximum exposure to credit risk, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date is the carrying amount of those assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 9. Refer to Note 9 for an ageing analysis and movement in provision for impairment of receivables.

The credit risk for cash and cash equivalents and deposits with banks and financial institutions is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 26 Financial Risk Management

#### (b) Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due (e.g. funding work-in-progress).

The Group's policy is to ensure, as much as possible, that it will always have sufficient cash to allow it to meet its liabilities when they become due, under normal and stressed conditions. The Group is required to maintain a current ratio of 1:1 under its licensing conditions with the Queensland Building and Construction Commission and NSW Home Owners Warranty Scheme. The Group achieves the required ratios by holding sufficient cash in liquid form and carefully monitoring the timing of its commitments.

At the reporting date, the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

| | 2017 | 2016 |
|---|---|---|
| | $'000s | $'000s |
| Current assets | **25,882** | 21,730 |
| Current liabilities | **(10,459)** | (8,504) |
| **Working capital** | **15,423** | 13,226 |

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the consolidated statement of financial position due to the effect of discounting.

| | Within 1 to 6 months | | 6 months to 1 year | | 1 to 5 Years | | Total * | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s |
| **Financial liabilities due for payment** | | | | | | | | |
| Trade and other payables | **9,043** | 7,457 | **-** | - | **-** | - | **9,043** | 7,457 |
| Total contractual outflows | **9,043** | 7,457 | **-** | - | **-** | - | **9,043** | 7,457 |

* The total contractual cash flows approximate the carrying amounts as presented in consolidated statement of financial position

## 26 Financial Risk Management

### (c) Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising return.  Market risk exposures comprise mainly interest rate risk.

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Interest rate risk is managed by ensuring that any excess cash within the Group is utilised in reducing any borrowing facilities.  The Group repaid its borrowing facilities during the 2012 financial year and currently have no borrowings.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +/-1% (2016: +/-1%). These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

| | **2017** | | **2016** | |
|---|---|---|---|---|
| **Consolidated** | **$'000s** | | **$'000s** | |
| | **+1%** | **-1%** | **+1%** | **-1%** |
| Profit | 32 | (32) | 26 | (26) |
| Equity | 32 | (32) | 26 | (26) |

The movements in profit are due to higher/lower interest received from cash balances. The sensitivity analysis is performed on the same basis as in the prior year other than the change in relevant risk variable.

### (d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Group's financial assets and financial liabilities consist only of short-term trade receivables and payables. Due to the short-term nature of trade receivables and payables, the carrying amounts as presented in the consolidated statement of financial position are assumed to approximate their fair values.

## 27 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 28 Earnings per Share

(a) Earnings used to calculate overall earnings per share

| | 2017 $'000s | 2016 $'000s |
|---|---|---|
| Profit attributable to members of the parent entity used in the calculation of basic and diluted EPS | **9,066** | 8,049 |

(b) Weighted average number of shares used

| | 2017 No. | 2016 No. |
|---|---|---|
| Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS | **25,564,368** | 25,559,611 |

# Notes to the Financial Statements
## For the Year Ended 30 June 2017

### 29 Company Details

The registered office of the company is:

Tamawood Limited
1821 Ipswich Road
Rocklea QLD 4074

The principal places of business are:

**Dixon Homes**
1821 Ipswich Road
Rocklea
Queensland 4106

**Dixon Homes**
684 Nicklin Way
Currimundi
Queensland 4572

**Dixon Homes**
Shop 2 10 Kerr St.
Ballina
New South Wales

**Dixon Homes**
Unit 1, 50 Lawrence Drive
Nerang
Queensland 4211

**Dixon Homes**
Suite 14, 39 Old Cleveland Rd
Capalaba Business Centre
Queensland

**Dixon NSW**
Unit 3/142 James Ruse Dr.
Paramatta
New South Wales

**Dixon Homes**
992 Gympie Road
Chermside
5082Queensland 4032

**Dixon Homes**
12A 189 Anzac Ave
Toowoomba
Queensland

**Dixon NSW**
Unit 2/141 Gordon St.
Port Macquire
New South Wales 2444

**Dixon Homes**
Unit 4/19 Tamborine St.
Jimboomba
Queensland 4280

**Dixon Homes**
4424 Warrego Highway
Plainlands
Queensland 4341

**Dixon NSW**
1370-0139 Melbourne St
East Maitland
New South Wales

**Dixon Homes**
2/5 River Road, Gympie
Queensland 4570

**Dixon Homes**
178 Pacific Highway
Coffs Harbour NSW 2450

# Directors' Declaration
## 30 June 2017

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2017 are in accordance with the *Corporations Act 2001*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements and:

    a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the consolidated group;

2. the Managing Director has given the declarations required by Section 295A that:

    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

    b. the financial statements and notes for the financial year comply with the Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

RLynch.

**Mr Robert Lynch**
Non-Executive Chairman

Dated 16 August 2017

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMAWOOD LIMITED

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## Opinion

We have audited the accompanying financial report of Tamawood Limited (the company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

## Basis for Opinion

We conducted our audit in accordance with Australian Accounting Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirement of the *Corporations Act 2001* and the ethical requirements of Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethical for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



**Hanrick Curran Audit Pty Ltd**
**Authorised Audit Company:** 338599
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phone 07 3218 3900 | fax 07 3218 3901 | email mail@hanrickcurran.com.au
www.hanrickcurran.com.au | ABN 13 132 902 188

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| **Accounting estimates and judgements** | |
|---|---|
| *Refer to Note 1(s), 3, 4, 9, 10, 14 and 15.* | |
| **Key Audit Matter** | **How the Matter was addressed in our audit** |
| We note the disclosures by directors in note 1(s) regarding the critical accounting estimates and judgements used during the preparation of the financial statements.<br><br>We consider that the use of significant estimates and judgements in the context of the preparation of the financial statements results in an increased risk of material misstatement of the financial statements as a whole. As a result, we consider that the use of estimates and judgements is a Key Audit Matter to be addressed in the course of our audit. | Our procedures in respect of estimates and judgements were performed in accordance with the requirements of Australian Auditing Standard ASA 540 *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*. These procedures included:<br><br>▪ Assessing the accounting policies and their application with the critical estimates and judgements.<br><br>▪ Assessing how management determines the completeness, relevance and accuracy of the data (including assumptions and inputs) used to develop the critical estimates and judgements. This includes assessing the nature of the assumptions, inputs and data, including which of the assumptions, estimates and data are likely to be significant to the critical estimates and judgements.<br><br>▪ Assessing whether and, if so, how, management has considered alternative inputs, assumptions or outcomes. This includes assessing whether management determines that the information used is internally consistent or whether such analysis indicates the existence of a number of outcome scenarios. |

| Valuation of Work-in-Progress | |
|---|---|
| *Refer to Note 1(e), 1(s), and 10* | |
| **Key Audit Matter** | **How the Matter was addressed in our audit** |
| The valuation of work-in-progress is a material balance in the financial report of Tamawood Limited and as a result of the application of contract accounting in accordance with AASB 111 *Construction Contracts*, has a direct material impact on the reported profit of the company at 30 June 2017.<br><br>Contract accounting results in the recognition of revenue from construction contracts in accordance with a "percentage of completion" when certain requirements are met. Generally these requirements are met in the circumstances of Tamawood Limited. As a result of this, the calculation of the percentage of completion is material to the estimation of revenue to be recognised in each period for reporting purposes. | We have addressed the key audit matter through the application of various audit techniques, including the use of analytical procedures and visits to construction sites with the objective of verifying the calculation of the percentage completion for a sample of construction contracts.<br><br>Our procedures included<br><br>▪ Inspection of a sample of sites to determine whether the physical construction matched records available in Tamawood's accounting and construction information systems.<br><br>▪ Analysis of data and information contained in the Tamawood information systems for the purpose of identifying errors and anomalies.<br><br>▪ Testing the design, implementation and operational effectiveness of controls regarding the recording of work-in-progress. |

| Revenue recognition | |
|---|---|
| *Refer to Note 3* | |
| **Key Audit Matter** | **How the Matter was addressed in our audit** |
| The recognition of revenue in accordance with AASB 118 *Revenue* (to be replaced in future periods by AASB 15 *Revenue from Contracts with Customers*) is considered a material risk in auditing standards and is closely linked with the issue of accounting for WIP discussed above. As a result of the guidance included in Australian Auditing Standards, we consider that the recognition of revenue is a Key Audit Matter, to be addressed in the course of our audit. | Our procedures in respect of revenue recognition included all of the procedures identified above in respect of the percentage of completion and work-in-progress testing. Our audit work also included additional procedures that included data analysis on transactions recorded in the Group's accounting systems for the year, analysis of financial information and ratios relevant to the recognition of revenue, inquiry of management regarding posted transactions and, on a sample basis, substantive testing of transactions to contracts and banking records. We also conducted testing of the design, implementation and operational effectiveness of controls regarding the recording of revenue. |

## Other Information in the Annual Report

The directors are responsible for the "Other Information in the Annual Report". This "Other Information" comprises the information included in the Group's annual report for the year ended 30 June 2017, but which is not included in the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by the directors.
- Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

# INDEPENDENT AUDITOR'S REPORT
# TO THE MEMBERS OF
# TAMAWOOD LIMITED

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the remuneration report

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 9 to 13 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Tamawood Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HANRICK CURRAN AUDIT

**Hanrick Curran Audit Pty Ltd**
**Authorised Audit Company: 338599**

**M. J. Green**
**Director**

Brisbane, 16 August 2017

# Shareholder Information

### ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 12 August 2017.

### Substantial shareholders

The number of substantial shareholders and their associates are set out below:

### Voting rights

*Ordinary Shares*

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Voting rights of shareholders are governed by the Company's Rules. In summary, a shareholder is entitled to exercise one vote for each shareholder on any question arising from a meeting of the Company.

Members wishing to appoint proxies may do so in accordance with the Corporations Act 2001 and Rules of the Company.

### Distribution of equity security holders

| Holding | No. of Shares | No. of Holders |
|---|---|---|
| 1 - 1,000 | 247,737 | 493 |
| 1,001 - 5,000 | 1,804,983 | 637 |
| 5,001 - 10,000 | 1,727,495 | 217 |
| 10,001 - 50,000 | 3,501,596 | 168 |
| 50,001 - 100,000 | 985,872 | 13 |
| 100,000 and over | 17,299,893 | 20 |
| | **25,567,576** | **1,548** |

There were 47 holders of less than a marketable parcel of ordinary shares.

# Shareholder Information

**Twenty largest shareholders**

| | Number held | % of issued shares |
|---|---|---|
| RAINROSE PTY LTD | 5,981,499 | 23.39 |
| ANKLA PTY LTD | 4,029,512 | 15.76 |
| NOWCASTLE PTY LTD | 1,183,873 | 4.63 |
| NATIONAL NOMINEES LIMITED | 813,829 | 3.18 |
| J P MORGAN NOMINEES AUSTRALIA LIMITED | 755,646 | 2.96 |
| POLTICK PTY LTD | 685,222 | 2.68 |
| RIPELAND PTY LTD | 539,379 | 2.11 |
| MR TIMOTHY M BARTHOLOMAEUS + MS PATRESE BARTHOLOMAEUS | 500,000 | 1.96 |
| MR ROBERT LYNCH + MS SINEAD LYNCH | 500,000 | 1.96 |
| STODDART BUILDING PRODUCTS PTY LTD | 473,825 | 1.85 |
| AB THOMAS SUPER FUND | 375,225 | 1.47 |
| SUNSTAR AUSTRALIA PTY LTD | 227,780 | 0.89 |
| SUPERFUN SUPERFUND | 222,457 | 0.87 |
| MR ANDREW THOMAS | 210,779 | 0.82 |
| NUNN INVESTMENT A/C | 185,000 | 0.72 |
| ROLLEE PTY LTD | 141,688 | 0.55 |
| MR KENNETH OWEN KUHNEMANN & MEREDITH B. K. | 133,000 | 0.52 |
| GENERAL PACKAGING PTY LTD | 125,131 | 0.49 |
| MIZI SUPER FUND A/C | 114,947 | 0.45 |
| MR LEV MIZIKOVSKY<SIMONE MIZIKOVSKY F/MCE A/C | 101,101 | 0.40 |
| | **17,299,893** | **67.66** |

**Securities exchange**

The Company is listed on the Australian Securities Exchange (ASX code: TWD).

**Share registry**

The register of security holders of the Company is kept at the office of Computershare Investor Services Pty Limited.

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WEST END QLD 4101

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