10 August 2018

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

Dear Sir / Madam

Re: Appendix 4E Final Report and 2018 Annual Report

The Directors of Tamawood Limited announce the financial results for the year ended 30 June 2018.

Find attached the Appendix 4E Final Report and 2018 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 2018**
Previous Corresponding Period:	**30 June 2017**

RESULTS FOR ANNOUCEMENT TO THE MARKET

				$'000
Revenue from ordinary activities	up	0.49%	to	123,562
Profit from ordinary activities after tax attributable to members	down	4.5%	to	8,692
Net profit attributable to members	down	4.5%	to	8,692

DIVIDENDS

	Amount per security	**Franking at 30% tax rate**	**Franked Amount per Security**
2017 Final dividend (paid 1 December 2017)	16 cents	100%	16 cents
2018 Interim dividend (paid 1 June 2018)	11 cents	100%	11 cents
TOTAL	27 cents	100%	27 cents

The final dividend for the 2018 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 2018 with a payment date of 3 December 2018. This represents a full year dividend for the year ended 30 June 2018 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

	2018	2017
Net tangible asset backing		
Net tangible assets per ordinary security	51.29 cents	43.65 cents
Earnings per security		
Basic earnings per share (cents)	33.99 cents	35.46 cents
Diluted earnings per share (cents)	33.99 cents	35.46 cents
Weighted average number of shares	25,587,310	25,564,368
Profits before tax as % of revenue		
Consolidated profit from continuing operations before tax as a percentage of revenue	9.23%	10.80%
Profit after tax as % of equity		
Consolidated net profit after tax as a percentage of equity	64.34%	74.12%

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 2018 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 Group

ABN 56 010 954 499

Annual Report

For the Year Ended 30 June 2018

ABN 56 010 954 499
ASX Code: TWD

Contents
For the Year Ended 30 June 2018

Chairman's Letter

Dear Valued Shareholders

The result for the year for the numbers of Tamawood Limited was a net profit after tax attributable to members of $8.692 million (2017:$9.066 million). The fully franked dividend for FY18 remains at 27 cents and is likely to be maintained for FY19.

We have implemented our customer share reward program with the issue of 30,700 shares in FY18 and this will continue in FY19.

We will continue our successful shareholder discount program that has been in place for a number of years.

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

- Our key suppliers and subcontractors for their continued support and dedication to building our customer homes.
- Our hard working staff who have handled the construction obstacles that occurred during FY18.
- 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.

In July 2018,Tamawood has increased its holding in Senterprisys Limited with the recent issue of 5,109,361 shares at 8.8 cents as determined by the Senterprisys Board based on the independent valuation prepared by external accountants. Based on this valuation, the value of the investment in Senterprisys Limited would increase from $255,000 to $2,697,743.

We believe the initiatives to be implemented in FY19 will positively impact our performance and allow us to maintain current fully franked dividends and further derisk our already debt free business.

Since the end of financial year, Mr Rade Dudurovic, after 10 years of service, and Mr Andrew Thomas, after 14 years of service, have resigned from the board to concentrate on their other business interests. Andrew will remain as a Dixon Homes Franchisee and will continue to contribute to the Tamawood business through his Cairns franchise operations. The Tamawood Board extends its best wishes to Rade and Andrew and thanks them for their significant contributions. The Board will start the process of recruiting an additional Independent Director to add to the Boards' existing skill set.

Tamawood recognises the market is slowing and we are implementing a number of initiatives to counteract this. In particular:

- Review of our existing designs and specifications.
- Introduction of a significant number of new designs targeting emerging market segments.

These strategies are being implemented to ensure we increase our market share in a diminishing market.

RLynch.

Mr Robert Lynch
Non-Executive Chairman

Dated: 10 August 2018

Managing Director's Report

Review of operations for the year

Highlights

The fully franked dividend for FY18 remains at 27 cents and is likely to be maintained for FY19.

The profitability of the group remains strong despite some significant obstacles experienced in 2018. In particular;

- Significant delays experienced by customers receiving confirmation of bank approvals, as a consequence of the recent Banking Royal Commission, resulting in commencements of construction being delayed.

- Significant amount of inclement weather causing production delays over the June quarter.

- Margin erosion experienced in Sydney due to significant delays between signed contracts and land registration causing subcontractor and supplier price rises above the initially estimated.

- Issues by the Queensland Building and Construction Commission ("QBCC") has resulted in significant costs including legal fees defending the actions taken by the QBCC. Three out of four matters have now been withdrawn by the QBCC, however, this has still impacted the business with additional administration costs and significant amounts of management time in handling the process.

- All new regional office expenses including fitout, establishment and staff costs have been expended during FY18. There is a significant lag between set up costs and the recoupment of the costs from construction revenue.

To improve future performances:

- Review of our existing designs and specifications.

- Introduction of a significant number of new designs targeting emerging market segments.

- Introduction of new software to improve targeting of our advertising budget.

- Full introduction of new Senterprisys software.

- Introduction of new Senterprisys software to our franchisee network.

- Review and improve construction methods to ensure better quality and efficiency.

Tamawood remains debt free with a cash balance of $5.455 million as at 30 June 2018.

T Bartholomaeus

Mr Tim Bartholomaeus

Managing Director

Directors' Report
For the Year Ended 30 June 2018

The directors' present their report, together with the financial statements of the Group, being Tamawood Group (the Company) and its controlled entities, for the financial year ended 30 June 2018.

Directors

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

Names	Position	Appointed/Resigned
Mr Robert Lynch	Non-executive Chairman	
Mr Lev Mizikovsky	Non-executive Director	
Mr Rade Dudurovic	Non-executive Director	Resigned 6 August 2018
Mr Andrew Thomas	Non-executive Director	Resigned 9 August 2018
Mrs Laurie Lefcourt	Non-executive Director / Chairperson of the Audit Committee	Appointed 26 April 2018
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, CA, 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 in Australia.

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

Refer to Managing Director's Report on page 2 of this report.

Review of financial position

The net assets of the Group have increased by $1.94 million from $11.580 million at 30 June 2017 to $13.523 million at 30 June 2018.

Directors' Report
30 June 2018

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

	000's
Final ordinary dividend of 16 cents per share, paid on 3 December 2017	**4,093**
Interim ordinary dividend of 11 cents per share, paid on 1 June 2018	**2,816**

Dividend recommended

The final dividend for the 2018 year has not 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 2018, with a payment date of 3 December 2018. This represents a full year dividend for the year ended 30 June 2018 of 27 cents.

All dividends are fully franked.

Events after the reporting date

Subsequent to 30 June, TWD participated in an issue of Senterprisys Limited as announced to market on 11 May 2018.

TWD has increased its holding in Senterprisys Ltd to 23.94% with the issue of 5,109,361 shares at 8.8 cents based on an independent valuation prepared by external accountants. Based on this independent valuation, TWD's total investment in its associate would increase from $255,000 to $2,697,743.

Except for the above, there are 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 improve future performances through a range of measures as highlighted in the Managing Director’s Report on page 2.

Environmental issues

There are various local council requirements that the Group must adhere to during the construction process. 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.

Directors' Report
30 June 2018

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 Governance & Remuneration and Audit Committees.

Robert was formerly a Non-executive Director of AstiVita Limited until 16 March 2017.

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. Lev is currently Non-executive Chairman of AstiVita Limited (AIR). Since 1997, Lev 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 Advance NanoTek 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 Governance & Remuneration 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 Advance NanoTek 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 is a member of the Group's Governance & Remuneration 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 Queensland.

Andrew has a 27 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 17 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 2018

Information on directors

Ms Laurie Lefcourt - Non-executive Director

Laurie is a Fellow of the Chartered Accountants of Australia and New Zealand, a Chartered Accountant of Ontario, Canada and a Graduate of Australian Institute of Company Directors.

Laurie has had a long career in senior finance roles in private, public and government organisations and brings a substantial amount of experience in strategy, governance, risk and control to the Board.

Laurie is the Chair of Audit Committee and a member of the Risk Management Committee.

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.

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 each director's relevant interest in shares of the company can be found at page 12 of this report.

Information on company secretaries

Mr Geoff Acton
B.Com, CA, GAICD

Geoff is a chartered accountant and has a 19 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 2018

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 & Risk Committee Meetings		Governance & Remuneration Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Robert Lynch	11	11	5	5	2	2
Mr Lev Mizikovsky	11	10	5	5	2	2
Mr Rade Dudurovic	11	11	5	4	2	2
Mr Andrew Thomas	11	11	5	5	2	2
Mrs Laurie Lefcourt	2	3*	1	1	2	2
Mr Timothy Bartholomaeus	11	11	5	5	2	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, William Buck (Qld) (2017 : Hanrick Curran Audit Pty Ltd), for non-audit services during the year ended 30 June 2018 was nil (2017 : $60).

Directors' Report
30 June 2018

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 2018 has been received and can be found on page 13 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 2018 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 Group 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 2018 is detailed in the table at page 10 to this report.

Directors' Report
30 June 2018

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.

	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000
Revenue	81,076	95,319	101,753	122,949	123,562
Net profit attributable to members of the parent entity	5,051	6,416	8,049	9,066	8,692
Dividends paid	5,368	5,879	6,390	6,646	6,909
Dividends per share (cents)	21.0c	23.0c	25.0c	26.0c	27.0c
Share price at year-end (not rounded)	$3.18	$3.48	$3.10	$3.69	$4.00
Weighted average no. of shares on issue at year end	25,559	25,559	25,559	25,567	25,587

Directors' Report
30 June 2018

Remuneration report (audited)

The following table of benefits and payments details, in respect to the 2018 and 2017 financial years, the components of remuneration for each member of the key management personnel (KMP) of the Group.

2018	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	99,350	-	-	-	19,870	-	-	119,220
- L Mizikovsky	47,610	-	-	-	-	-	-	47,610
- R Dudurovic	55,000	-	-	-	-	-	-	55,000
- A Thomas	43,282							43,282
- L Lefcourt (Appointed - April 2018)	11,000	-	-	-	-	-	-	11,000
Sub-total Non-executive Directors	**256,242**	**-**	**-**	**-**	**19,870**	**-**	**-**	**276,112**
Executive directors								
- T Bartholomaeus (Managing Director)	175,407	70,000	26,415	1,000	23,980	7,016	-	303,818
Sub-total executive directors	**175,407**	**70,000**	**26,415**	**1,000**	**23,980**	**7,016**	**-**	**303,818**
Other KMP								
- K Waldron (Sales Manager)	125,065	14,250	-	-	11,792	-	-	151,107
- Jacqueline Rodger (Office Manager)	104,171	-	-	-	9,389	408	-	113,968
- P Souter-Robertson (Franchise Manager – Resigned January 2018)	76,423	20,000	-	-	9,160	-	8,576	114,159
- P Hogan (Dixon NSW Pty Ltd General Manager – Resigned May 2018)	175,250	52,230	25,034	-	21,611	-	-	274,125
Sub-total Other KMP	**480,909**	**86,480**	**25,034**	**-**	**51,952**	**408**	**8,576**	**653,359**
TOTAL	**912,558**	**156,480**	**51,449**	**1,000**	**95,802**	**7,424**	**8,576**	**1,233,289**

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 (Chairman)	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)	188,507	75,202	26,463	1,003	24,892	2,151	-	318,218
Sub-total Executive Directors	**188,507**	**75,202**	**26,463**	**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 & Director – DixonNSW Pty Ltd)	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**	**2,151**	**-**	**1,255,898**

Directors' Report
30 June 2018

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)	70,000	23%	77%
KMP			
K Waldron (Sales Manager)	14,250	9%	91%
P Souter-Robertson (Franchise Manager – Resigned January 2018)	20,000	18%	82%
P Hogan (Dixon NSW Pty Ltd General Manager – Resigned May 2018)	52,230	19%	81%

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 2018. 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 a 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 28 for payment of services received by key management personnel.

Directors' Report
30 June 2018

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	12,452,418	-	-	(70,286)	12,382,132
R Lynch	532,052	-	-	-	532,052
A Thomas	605,404	-	-	12,000	617,404
R Dudurovic	10,059	-	-	-	10,059
L Lefcourt	-	-	-	-	-
T Bartholomaeus	585,772	1,000	-	(40,512)	546,260
	14,185,705	**1,000**	**-**	**(98,798)**	**14,087,907**

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 28 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: 10 August 2018

The Directors
Tamawood Limited
1821 Ipswich Road
ROCKLEA QLD 4106

Auditor's Independence Declaration under Section 307c of the Corporations Act 2001.

I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in respect of Tamawood Limited and the entities it controlled during the period.

William Buck

William Buck (Qld)
ABN 21 559 713 106

M.Monaghan

M J Monaghan
Director

Brisbane 10 August 2018

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Brisbane QLD 4001
Telephone: +61 7 3229 5100
Williambuck.com

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2018

	Note	2018 000's	2017 000's
Revenue	3	**123,562**	122,949
Other income	3	**130**	172
Cost of sales		**(99,423)**	(96,870)
Accrued expenses adjustment (Unbilled)		**271**	(903)
Employee benefits expense		**(7,911)**	(6,993)
Depreciation expense	14	**(226)**	(252)
Advertising		**(755)**	(894)
Consultancy		**(723)**	(1,275)
Other operating expenses		**(3,506)**	(2,631)
Profit before income tax		**11,419**	13,303
Income tax expense	6	**(2,719)**	(4,201)
Profit for the year		**8,700**	9,102
Other comprehensive income			
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**8,700**	9,102
Profit attributable to:			
Members of the parent entity		**8,692**	9,066
Non-controlling interest		**8**	36
		8,700	9,102
Total comprehensive income attributable to:			
Members of the parent entity		**8,692**	9,066
Non-controlling interest		**8**	36
		8,700	9,102
Earnings per share			
Basic earnings per share	31	33.99	35.46
Diluted earnings per share	31	33.99	35.46

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 2018

	Note	2018 000's	Restated 2017 000's
ASSETS			
Current Assets			
Cash and cash equivalents	8	**5,455**	3,189
Trade and other receivables	9	**5,829**	7,228
Inventories - Uninvoiced completed works	10	**12,193**	13,685
Inventories - STC (Renewable energy certificates)	11	**842**	709
Other inventories	12	**831**	787
Other assets	13	**454**	284
Total Current Assets		**25,604**	25,882
Non-Current Assets			
Investment in associates	22	**255**	255
Property, plant and equipment	14	**677**	669
Deferred tax assets	18	**386**	403
Total Non-Current Assets		**1,318**	1,327
TOTAL ASSETS		**26,922**	27,209
LIABILITIES			
Current Liabilities			
Trade and other payables	15	**4,456**	4,908
Accrued expenses (Unbilled)	16	**3,863**	4,834
Provisions	17	**479**	499
Current tax liabilities	18	**599**	917
Total Current Liabilities		**9,397**	11,158
Non-Current Liabilities			
Provisions	17	**344**	366
Deferred tax liabilities	18	**3,658**	4,105
Total Non-Current Liabilities		**4,002**	4,471
TOTAL LIABILITIES		**13,399**	15,629
NET ASSETS		**13,523**	11,580
EQUITY			
Issued capital	19	**586**	434
Reserves	20	**(479)**	(479)
Retained earnings		**13,268**	11,485
Total equity attributable to equity holders of Tamawood Limited		**13,375**	11,440
Non-controlling interest		**148**	140
TOTAL EQUITY		**13,523**	11,580

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 2018

2018

	Note	Ordinary Shares 000's	Retained Earnings 000's	General Reserves 000's	Total 000's	Non-controlling Interests 000's	Total 000's
Balance at 1 July 2017 (restated)		**434**	**11,485**	**(479)**	**11,440**	**140**	**11,580**
Profit for the year		**-**	**8,692**	**-**	**8,692**	**8**	**8,700**
Other comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**
Total Comprehensive income for the year		**-**	**8,692**	**-**	**8,692**	**8**	**8,700**
Transactions with owners in their capacity as owners							
Shares issued during the year		**152**	**-**	**-**	**152**	**-**	**152**
Dividends paid	7	**-**	**(6,909)**	**-**	**(6,909)**	**-**	**(6,909)**
Total transactions with owners in their capacity as owners		**-**	**(6,909)**	**-**	**(6,909)**	**-**	**(6,909)**
Balance at 30 June 2018		**586**	**13,268**	**(479)**	**13,375**	**148**	**13,523**

2017

	Note	Ordinary Shares 000's	Retained Earnings 000's	General Reserves 000's	Total 000's	Non-controlling Interests 000's	Total 000's
Balance at 1 July 2016		407	9,764	(5)	10,166	471	10,637
Adjustment to opening retained earnings	32	-	(699)	-	(699)	-	(699)
Adjusted opening balance at 1 July 2016		407	9,065	(5)	9,467	471	9,938
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		27	-	-	27	-	27
Transaction with non-controlling interests		-	-	(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	11,485	(479)	11,440	140	11,580

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 2018

	Note	2018 000's	2017 000's
Cash flows from operating activities			
Receipts from customers (including GST)		**126,989**	135,297
Payments to suppliers and employees (including GST)		**(113,745)**	(123,784)
Interest received		**113**	110
Income taxes paid		**(4,164)**	(3,417)
Net cash from operating activities	26	**9,193**	8,206
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**(81)**	81
Payments for property, plant and equipment		**(319)**	(285)
Shares bought back by parent entity from non-controlling interests		**-**	(527)
Loan to related parties		**220**	(220)
Net cash used by investing activities		**(18)**	(951)
Cash flows from financing activities			
Dividends paid by parent entity	7	**(6,909)**	(6,646)
Net cash used by financing activities		**(6,909)**	(6,646)
Net increase (decrease) in cash and cash equivalents		**2,266**	609
Cash and cash equivalents at beginning of year		**3,189**	2,580
Cash and cash equivalents at end of financial year	8	**5,455**	3,189

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 2018

This financial report covers the consolidated financial statements and notes of Tamawood Group and Controlled Entities (the 'Group'). Tamawood Group 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 2018.

The separate financial statements and notes of the parent entity, Tamawood Group, 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 2018

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 21 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 22 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 2018

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 consolidated 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 2018

1 Summary of Significant Accounting Policies

(e) Inventories

(i) Construction Contracts and Uninvoiced Completed Works for Contract Customers

Construction work in progress is the gross unbilled amounts 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) STC (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.

(iii) Other Inventories

Tamawood has entered into construction development projects involving the purchase of residential lots and construction of homes on these lots for subsequent sale ("Ready-to-Occupy Homes"). Ready-to-Occupy Homes are treated as trading stock and are valued at lower of cost and net realisable value. Sales are not recognised until the date of unconditional contract. Costs are assigned on the basis of direct input costs together with an apportionment of indirect overhead expenses. The complete apportionment of these indirect costs are based on the percentage stage of completion.

Notes to the Financial Statements
For the Year Ended 30 June 2018

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 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
Computer Software	5 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 2018

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 2018

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 Group'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 2018

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.

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 2018

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).

(i) 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.

(ii) 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.

(iii) 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.

(iv) Dividend revenue

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

(o) 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.

1 Summary of Significant Accounting Policies

(p) 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 account. 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.

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.

(q) 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 - Uninvoiced Completed Works

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 2018

1 Summary of Significant Accounting Policies

(q) 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 17. 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.

(r) 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 mandatory for the current period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Notes to the Financial Statements
For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(s) 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	1 July 2018	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.	This standard is not expected to significantly affect the entity.
AASB 15 Revenue from Contracts with Customers	1 July 2018	This standard provides guidance on the recognition of revenue from customers.	Based on the nature of the entity's revenue and a review of our standard terms and condition, this standard is not expected to significantly affect the timing of revenue recognition for the entity.
AASB 16 Leases	1 July 2019	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 needed leases of law value assets will reduce the impact.	The entity will be required to recognise a right-of-use asset and lease liability for its operating leases of premises.
AASB 2014-10 Amendments to Accounting Standards - Sale or Contribution of Assets between an investor and its Associate or Joint Venture	1 July 2018	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 2018

2 Parent entity

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

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

	2018 000's	2017 000's
Statement of Financial Position		
Assets		
Current assets	**2,306**	3,086
Non-current assets	**7,611**	7,578
Total Assets	**9,917**	10,664
Liabilities		
Current liabilities	**742**	1,018
Non-current liabilities	**5,904**	6,090
Total Liabilities	**6,646**	7,108
Equity		
Issued capital	**586**	434
Retained earnings	**2,685**	3,122
Total Equity	**3,271**	3,556
Statement of Profit or Loss and Other Comprehensive Income		
Profit for the year	**6,472**	10,333
Total comprehensive income	**6,472**	10,333

Guarantees

The parent entity did not have any guarantees as at 30 June 2018 or 30 June 2017 except as detailed in Note 24.

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2018 or 30 June 2017.

Contractual commitments

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2018 or 30 June 2017.

Notes to the Financial Statements
For the Year Ended 30 June 2018

3 Revenue and Other Income

Revenue from continuing operations

	Note	2018 000's	2017 000's
Sales revenue			
- Construction contract revenue	(a)	**117,558**	119,499
- Uninvoiced completed works adjustment		**(234)**	604
- Renewable energy Certificates		**4,767**	1,901
- Franchise revenue		**1,022**	792
- Rental income		**336**	-
Other revenue			
- Interest revenue		**113**	110
- Other items		**-**	43
Total Revenue		**123,562**	122,949

Other Income

	2018 000's	2017 000's
Insurance recovery	**-**	177
Other income	**130**	-
Net gain/(loss) on disposal of property, plant and equipment	**-**	(5)
Total other income	**130**	172

(a) Construction contract revenue

Construction contract revenue includes $117.3 million (2017: $120.1 million) 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:

	2018 000's	2017 000's
Defined contribution plan expenses	**588**	529
Bad and doubtful debts - trade receivables	**185**	19
Employee Share Scheme expenses	**27**	27
Rental expense on operating leases		
- minimum lease payments	**948**	884

Notes to the Financial Statements
For the Year Ended 30 June 2018

5 Remuneration of Auditors

	2018	2017
	$	$
Remuneration of the auditor of the parent entity, William Buck (Qld) including related entities for:		
- auditing or reviewing the financial report	**70,000**	95,052
- Other services	**-**	60
	70,000	95,112

* Hanrick Curran Audit Pty Ltd were the auditors in 2017

6 Income Tax Expense

(a) Components of tax expense

	2018	2017
	000's	000's
Current tax expense		
Current income tax	**3,923**	3,742
Adjustments in respect of current income tax of previous years	**(773)**	9
Deferred tax expense		
Relating to origination and reversal of temporary differences	**(430)**	450
Adjustments in respect of deferred income tax of previous years	**(1)**	-
	2,719	4,201

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

	2018	2017
Profit before income tax	**11,419**	13,303
Prima facie income tax expense at the statutory income tax rate of 30% (2017: 30%)	**3,426**	3,991
The following items have affected income tax expense for the period:		
Tax effect of:		
- permanent differences	**67**	201
- Adjustments recognised for current tax of prior periods	**(773)**	9
- Adjustments recognised for deferred tax of prior periods	**(1)**	-
	2,719	4,201
The applicable tax rate for 2018	**30%**	30%

For the 2018 financial year, the effective tax rate is 23.8% (2017: 31.5%). We note that the 2018 effective tax rate is lower than the standard corporate rate of 30% due to a reduction of $773,120 which relates to prior period tax adjustments.

Notes to the Financial Statements
For the Year Ended 30 June 2018

7 Dividends

Dividends paid

	2018 000's	2017 000's
The following dividends were declared and paid:		
Final dividend of 16 cents (fully franked at 30%) per fully paid share paid 1 December 2017	**4,093**	-
Interim dividend of 11 cents (fully franked at 30%) per fully paid share paid 1 June 2018	**2,816**	-
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
Total	**6,909**	6,646

Total dividends per share

	2018 Cents	2017 Cents
Total dividends per share declared and paid	**27**	26

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

Proposed dividends

	2018 000's	2017 000's
Proposed final fully franked ordinary dividend of 16 cents per share (2017: 15 cents per share).	**4,097**	4,090

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

	2018 000's	2017 000's
Balance of franking account at year end	**2,786**	1,502
Adjusted for franking credits arising from:		
Payment of provision for income tax	**599**	923
The franking credits available for subsequent financial years at a tax rate of 30%	**3,385**	2,425

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 2018

7 Dividends

Franking account

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

(b) 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 dividend proposed after the end of the reporting period is to reduce it by $1.753m (2017: $1.753m).

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

8 Cash and cash equivalents

	2018 000's	2017 000's
Cash at bank	**2,931**	1,179
Short-term bank deposits	**2,358**	2,010
Other cash and cash equivalents	**166**	-
	5,455	3,189

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:

	2018 000's	2017 000's
Cash and cash equivalents	**5,455**	3,189
Balance as per consolidated statement of cash flows	**5,455**	3,189

Notes to the Financial Statements
For the Year Ended 30 June 2018

9 Trade and other receivables

	Note	2018 000's	2017 000's
CURRENT			
Trade receivables		**377**	546
Construction contract progress bills receivable		**5,512**	6,512
Trade and other receivables (impairments)	9(a)	**(60)**	(60)
Other receivables		**-**	230
Total current trade and other receivables		**5,829**	7,228

(a) Impairment of receivables

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

	2018 000's	2017 000's
Balance at beginning of the year	**60**	119
Additional impairment loss recognised	**-**	46
Reversal of impairment	**-**	(105)
Balance at end of the year	**60**	60

(b) Aged analysis

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

	2018 000's	2017 000's
0-30 days	**4,080**	5,016
31-60 days	**888**	886
61-90 days (past due not impaired)	**665**	481
91+ days (past due not impaired)	**196**	615
91+ days (considered impaired)	**60**	60
	5,889	7,058

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 29(a) for further details of credit risk management.

Notes to the Financial Statements
For the Year Ended 30 June 2018

10 Inventories - Uninvoiced Completed Works

	Note	2018 000's	2017 000's
CURRENT			
At cost:			
Inventories - Uninvoiced completed works	10(a)	**12,473**	13,685
Less Provision for deleted jobs		**(280)**	-
		12,193	13,685

Write downs of inventories to net realisable value during the year were $ NIL (2017: $ 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.

	2018 000's	2017 000's
Contract costs incurred plus recognised profits	**55,257**	58,051
Less: Progress claims	**(42,784)**	(44,366)
	12,473	13,685

11 Inventories - STC (Renewable energy certificates)

	2018 000's	2017 000's
CURRENT		
At cost:		-
Inventories - STC (Renewable energy certificates)	**842**	709
	842	709

12 Other Inventories

	2018 000's	2017 000's
CURRENT		
At cost:		
Display home and home available for sale	**630**	605
New South Wales developments (Land)	**201**	182
	831	787

Notes to the Financial Statements
For the Year Ended 30 June 2018

13 Other assets

	2018 000's	2017 000's
CURRENT		
Prepayments and other deposits	**454**	284
	454	284

Notes to the Financial Statements
For the Year Ended 30 June 2018

14 Property, plant and equipment

	2018 000's	2017 000's
Motor vehicles		
At cost	**1,023**	927
Accumulated depreciation	**(470)**	(389)
Total motor vehicles	**553**	538
Office furniture & equipment		
At cost	**691**	642
Accumulated depreciation	**(574)**	(511)
Total office equipment	**117**	131
Computer software		
At cost	**10**	-
Accumulated depreciation	**(3)**	-
Total computer software	**7**	-
Total property, plant and equipment	**677**	669

(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 000's**	**Office Equipment 000's**	**Computer Software 000's**	**Total 000's**
Year ended 30 June 2018				
Balance at the beginning of year	**538**	**131**	**-**	**669**
Additions	**260**	**49**	**10**	**319**
Disposals - written down value	**(85)**	**-**	**-**	**(85)**
Depreciation expense	**(160)**	**(63)**	**(3)**	**(226)**
Balance at the end of the year	**553**	**117**	**7**	**677**
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

Notes to the Financial Statements
For the Year Ended 30 June 2018

15 Trade and other payables

	2018 000's	2017 000's
CURRENT		
Unsecured liabilities		
Trade payables	**4,456**	4,594
Dividend payable	**-**	314
	4,456	4,908

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

16 Unbilled accrued expenses

	2018 000's	2017 000's
CURRENT		
Accrued expenses (Unbilled)	**3,863**	4,834
	3,863	4,834

17 Provisions

	2018 000's	2017 000's
CURRENT		
Employee benefits	**479**	459
Other provisions	**-**	40
	479	499
NON-CURRENT		
Warranties	**150**	150
Employee benefits	**194**	216
	344	366

	Warranties 000's $	Other provisions 000's $	Total 000's $
Opening balance at 1 July 2017	**150**	**40**	**190**
Reversal of provision	**-**	**(40)**	**(40)**
Balance at 30 June 2018	**150**	**-**	**150**

Notes to the Financial Statements
For the Year Ended 30 June 2018

17 Provisions

Provision for Warranties

A provision of $150,000 at 30 June 2018 (2017: $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.

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).

18 Tax

(a) Current tax liabilities

	2018 000's	2017 000's
Income tax payable	**599**	917
	599	917

(b) Recognised deferred tax assets and liabilities

	Note	2018 000's	2017 000's
Deferred tax assets	18(c)	**386**	403
		386	403
Deferred tax liabilities	18(d)	**3,658**	4,105
		3,658	4,105

Notes to the Financial Statements
For the Year Ended 30 June 2018

18 Tax

(c) Deferred tax assets

	Opening Balance 000's	Charged to Income 000's	Closing Balance 000's
Deferred tax assets			
Provisions	**75**	**(12)**	**63**
Employee benefits	**203**	**(1)**	**202**
Accrued expenses	**14**	**-**	**14**
Deferred tax assets attributable to tax losses	**100**	**(10)**	**90**
Plant and equipment	**2**	**5**	**7**
Other	**9**	**1**	**10**
Balance at 30 June 2018	403	(17)	386
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 000's	Charged to Income 000's	Closing Balance 000's
Deferred tax liability			
Work in progress	**4,105**	**(447)**	**3,658**
Balance at 30 June 2018	**4,105**	**(447)**	**3,658**
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 2018

19 Issued Capital

	2018 000's	2017 000's
25,604,864 (2017:25,567,576) Ordinary shares fully paid	**586**	434
	586	434

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

	2018 000's	2017 000's
At the beginning of the reporting period	**434**	407
Shares issued under the Employee Share Scheme and customer reward program	**152**	27
At the end of the reporting period	**586**	434

	2018 No.	2017 No.
At the beginning of the reporting period	**25,567,576**	25,559,611
Shares issued during the year		
- Employee Share Scheme and Customer reward program	**37,288**	7,965
At the end of the reporting period	**25,604,864**	25,567,576

(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 2018

20 Reserves

		2018 000's	2017 000's
Transactions with Non-Controlling Interest (NCI) reserve			
Opening balance		**(479)**	(5)
Transactions with NCI - Dixon NSW Pty Ltd	21(d)	**-**	(474)
Ending balance		**(479)**	(479)

General reserve

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.

21 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2018	Percentage Owned (%)* 2017
Subsidiaries:			
DixonBuild Pty Ltd	Brisbane, Australia	**100**	100
DixonConstruct Pty Ltd	Brisbane, Australia	**100**	-
Dixon NSW Pty Ltd	Sydney, Australia	**100**	100
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	Brisbane, Australia	**70**	70
TamawoodL Pty Ltd	Brisbane, Australia	**100**	-

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

(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.

(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

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

Notes to the Financial Statements
For the Year Ended 30 June 2018

22 Investment in Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2018	Percentage Owned (%)* 2017
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 unlisted 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).

On July 31, 2018 the Group participated in the recent issue conducted by Senterprisys Limited. Tamawood Limited received 5,109,361 shares at 8.8 cents for a total of $449,624. Based on the independent valuation the Group’s investment in Senterprisys Limited would increase from $255,466 to $2,697,743.

23 Capital and Leasing Commitments

(a) Operating Leases

	2018 000's	2017 000's
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**1,219**	585
- later than one year but not later than five years	**2,942**	426
- later than five years but not later than ten years	**3,087**	
	7,248	1,011

Operating lease commitments are comprised of various leases for office premises. The leases are non-cancellable with varying terms of between two and ten 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 2018 (30 June 2017: None).

Notes to the Financial Statements
For the Year Ended 30 June 2018

24 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2018 (30 June 2017: 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 2019.

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.

25 Operating Segments

Segment information

The Group has identified it has one operating segment 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. This is a change from the prior year where there were 4 operating segments based on the internal reporting no longer used by the Board.

Notes to the Financial Statements
For the Year Ended 30 June 2018

26 Cash Flow Information

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

	2018 000's	2017 000's
Profit after income tax for the year	**8,700**	9,102
Adjustments for non-cash items in profit:		
- depreciation	**226**	252
- net (gain)/loss on disposal of property, plant and equipment	**3**	5
- Employee share scheme expense	**152**	27
Net changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**1,179**	(1,754)
- (increase)/decrease in prepayments	**(170)**	(276)
- (increase)/decrease in inventories	**1,315**	(1,292)
- (increase)/decrease in deferred tax receivable	**17**	235
- increase/(decrease) in trade and other payables	**(452)**	1,270
- increase/(decrease) in income taxes payable	**(317)**	334
- increase/(decrease) in deferred tax liabilities	**(447)**	215
- increase/(decrease) in provisions	**(42)**	88
- increase/(decrease) in Unbilled accrued expenses	**(971)**	-
Net cash from operating activities	**9,193**	8,206

Notes to the Financial Statements
For the Year Ended 30 June 2018

27 Key Management Personnel Disclosures

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

	2018 $	2017 $
Short-term employee benefits	**1,120,487**	1,134,356
Long-term benefits	**7,424**	2,151
Post-employment benefits	**95,802**	115,379
Termination benefits	**8,576**	-
Employee share scheme - Share-based payments	**1,000**	4,012
	1,233,289	1,255,898

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 2018.

28 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.

(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').

Notes to the Financial Statements
For the Year Ended 30 June 2018

28 Related Party Transactions

AstiVita Limited (AIR) and Advance NanoTek Limited (ANO) are deemed to be related parties of Tamawood Limited by virtue of Mr L Mizikovsky, Non-executive Director of Tamawood Limited, having a controlling interest in AstiVita Limited and Advance NanoTek Limited. 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 27 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 Senterprisys Limited as detailed in Note 22.

(b) Transactions with related parties

(i) Sale of goods and services

	2018 $	2017 $
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	**22,815**	9,806
- for commission received on tenancy of Rocklea	**342,403**	8,047
- insurances	**10,000**	11,850
Mr G Acton - Joint Company Secretary		
- Rent collected on leased property & miscellaneous services	**6,542**	7,233

Notes to the Financial Statements
For the Year Ended 30 June 2018

28 Related Party Transactions

(b) Transactions with related parties

	2018	2017
	$	$
Mr R Lynch - Non-executive Director		
- Recovery of travel charges by Dixonbuild Pty Ltd.	**5,095**	-
Mr A Thomas - Non-executive Director		
- franchise fees to Dixon Systems Pty Ltd	**278,579**	230,163
- insurance fees charged by Tamawood Ltd	**3,900**	6,600
Mrs P Bartholomaeus - Sr. Designer, Dixon Systems Pty Ltd		
- Insurance fees charged by Tamawood Ltd	**650**	600
- Construction of home under normal commercial terms	**478,444**	-

Notes to the Financial Statements
For the Year Ended 30 June 2018

28 Related Party Transactions

(b) Transactions with related parties

	2018 $	2017 $
Related party		
AstiVita Limited		
- Sales to AstiVita for advertising, IT and lease of premises	**21,006**	24,927
Advance NanoTek Limited		
- Sales to ANO for IT and lease of premises	**13,345**	12,385
Associates:		
Senterprisys Limited (Formerly Resiweb Limited)		
- Accounting and general services provided	**7,966**	6,954
- Rent collected on leased property	**34,931**	37,387
- Insurance fees charged by Tamawood Ltd.	**1,300**	600

(ii) Purchase of goods and services

	2018 $	2017 $
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Lease of premises from an entity controlled by Mr L Mizikovsky	**498,691**	429,391
- Purchase of renewable energy certificates	**-**	1,537
Mr R Lynch - Non-executive Director		
- Payment towards 7.5% ownership in Dixon NSW Ltd, purchased by Tamawood Ltd	**-**	159,733

Notes to the Financial Statements
For the Year Ended 30 June 2018

28 Related Party Transactions

(b) Transactions with related parties

	2018	2017
	$	$
Mr A Thomas - Non-executive Director		
- Purchase of renewable energy certificates from an entity controlled by Mr A Thomas	**33,448**	35,302
Mr P Hogan - General Manager, Dixon NSW Pty Ltd		
- Provision of management services to Dixon NSW Pty Ltd	**-**	52,500
- Remuneration as General Manager of Dixon NSW Pty Ltd	**274,125**	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
Mr G Acton - Joint Company Secretary		
- Provision of management services to SolarpowerRex Pty Ltd	**48,000**	59,814
- Provision of consulting, secretarial and payroll services to subsidiaries within the Group	**142,677**	181,175
Mrs P Bartholomaeus - Senior Designer, Dixon Systems Pty Ltd		
- Remuneration	**86,973**	61,141

Notes to the Financial Statements
For the Year Ended 30 June 2018

28 Related Party Transactions

(b) Transactions with related parties

	2018 $	2017 $
Related party		
AstiVita Limited		
- Purchase of materials including bathroom, kitchen and solar products	**1,591,695**	1,363,566
- Purchase of vehicle	**-**	13,636
Associates:		
Senterprisys Limited (Formerly Resiweb Limited)		
- Computer support services provided to the Group	**575,286**	441,429

(iii) Outstanding balances

	2018 $	2017 $
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Amounts receivable for construction material supplied and miscellaneous services by Dixonbuild Pty Ltd	**2,594**	4,749
Mr A Thomas - Non-executive Director		
- Amounts receivable by Dixon Systems Pty Ltd for franchise fees	**31,342**	40,428
- Amounts payable by SolarpowerRex Pty Ltd	**7,608**	7,837
Related party		
AstiVita Limited		
- Amounts receivable for sales	**357**	-
- Amounts payable for purchases by Dixonbuild Pty Ltd and Dixon NSW Pty Ltd	**-**	24,052
- Amounts receivable for IT services	**2,336**	1,200
Advance NanoTek Limited		
- Amount receivable for sales	**606**	-
- Amount receivable for IT & lease of premises	**1,705**	-
Associates		
Senterprisys Limited (Formerly Resiweb Limited)		
- Amounts receivable for accounting services by Dixon Build	**649**	536

29 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

Notes to the Financial Statements
For the Year Ended 30 June 2018

29 Financial Risk Management

- Credit risk
- Liquidity risk

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% (2017: 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 $234,868 (2017: $219,860) 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 $98,173 (2017: $83,720). 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 2018

29 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.

	2018 000's	2017 000's
Current assets	**25,604**	25,882
Current liabilities	**(9,397)**	(11,158)
Working capital	**16,207**	14,724

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 *	
	2018 000's $	2017 000's $	2018 000's $	2017 000's $	2018 000's $	2017 000's $	2018 000's $	2017 000's $
Financial liabilities due for payment								
Trade and other payables	**8,319**	9,742		-	**-**	-	**8,319**	9,742
Total contractual outflows	**8,319**	9,742		-	**-**	-	**8,319**	9,742

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

Notes to the Financial Statements
For the Year Ended 30 June 2018

29 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% (2017: +/-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.

Consolidated	**2018 $'000s**		**2017 $'000s**	
	+1%	**-1%**	**+1%**	**-1%**
Profit	54	(54)	32	(32)
Equity	54	(54)	32	(32)

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.

30 Events Occurring After the Reporting Date

On July 31, 2018 TWD has increased its holding in Senterprisys Ltd to 23.94% with the issue of 5,109,361 shares at 8.8 cents based on an independent valuation prepared by external accountants. Based on this independent valuation, TWD's total investment in its associate increases from $255,000 to $2,697,743.

Except for the above, there are 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 2018

31 Earnings per Share

(a) Earnings used to calculate overall earnings per share

	2018 000's	2017 000's
Profit attributable to members of the parent entity used in the calculation of basic and diluted EPS	**8,692**	9,066

(b) Weighted average number of shares used

	2018 No.	2017 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	**25,587,310**	25,564,368

32 Statement of Equity Adjustment

In finalising and reconciling the accounts of the Group for the year ended 30 June 2018, a number of errors in reconciliations and account balances in periods prior to the comparative periods were identified.

The impact of correcting these is to reduce net assets as at 1 July 2016 by $699,000. This amount is immaterial but opening balances at 1 July 2016 have been restated:

These errors affected the following areas:

	Impact on statement of financial position at 1 July 2016 Increase/(decrease) 000's
Accrued Expenses	**699**
	699

The comparative figures for these financial statements at 1 July 2016 and 30 June 2017 have been restated by $699,000 as follows:

Consolidated statement of financial position	Original 1 July 2016 $000's	Restated 1 July 2016 $000's	Restated 30 June 2017 $000's
Accrued expenses	3,232	3,931	4,834
Total current liabilities	8,504	9,203	11,158
Total liabilities	12,708	13,407	15,629
Net Assets	10,637	9,938	11,580
Retained Earnings	9,764	9,065	11,485
Total Equity	10,637	9,938	11,580
Consolidated statement of changes in equity			
Retained Earnings	9,764	9,065	11,485
Total Equity	10,637	9,938	11,580

Notes to the Financial Statements
For the Year Ended 30 June 2018

32 Company Details

The registered office of the company is:

Tamawood Group
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 1 10 Kerr Street
Ballina
New South Wales 2478

Dixon Homes
Unit 1, 50 Lawrence Drive
Nerang
Queensland 4211

Dixon Homes
Suite 11, 39 Old Cleveland Rd
Capalaba Business Centre
Queensland 4157

Dixon Homes
992 Gympie Road
Chermside
Queensland 4032

Dixon Homes
12A,189 Anzac Ave
Toowoomba
Queensland 4350

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

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

Dixon Homes
4424 Warrego Highway
Plainlands
Queensland 4341

Dixon NSW
137 Melbourne St.
East Maitland
New South Wales 2323

Dixon NSW
Shop 3, 245 Princes Hwy,
Albion Park
New South Wales 2527

Dixon Homes
2/5 River Road,
Gympie
Queensland 4570

Dixon Homes
178 Pacific Highway
Coffs Harbour
New South Wales 2450

Directors' Declaration
30 June 2018

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2018 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: 10 August 2018

William Buck

Independent Audit Report to the members of Tamawood Group

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tamawood Limited. (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 2018 and of its financial performance for the year ended on that date; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing 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 requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics 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.

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.

Inventories – uninvoiced completed works and revenue recognition	
Refer also to note 1(e), 1(n), 1(q) 1(s) and 10	How our audit addressed it
Inventory – uninvoiced completed works of $12.193million is significant to the financial statements. Inventory is based on the application of AASB 111 Construction Contracts, with revenue recognised in accordance with the percentage of completion method.	Our audit procedures included: On a sample basis, performing site inspections throughout the financial year to determine the status of construction projects and compared this to the Group's accounting records and construction information system;

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Independent Audit Report to the members of Tamawood Group

The calculation of the percentage of completion is based on the proportion of total costs incurred at the reporting date compared to management's estimation of total costs of the contract and is material to the estimation of revenue to be recognised in the financial statements.	Testing the design and operation of controls regarding the recognition of revenue and work in progress; Analysis of data contained in the construction information system, including tracing back to individual contracts; Substantive tests of details in respect of tracing to individual contracts, bank statements and construction information system and accounting records; Analytical procedures in respect of gross margin, number of contracts signed, progress payments received and constructions completed. We have also assessed the adequacy of disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related

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Independent Audit Report to the members of Tamawood Group

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.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Tamawood Limited, for the year ended 30 June 2018, 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.

William Buck

William Buck (Qld)
ABN 21 559 713 106

M.Monaghan

M J Monaghan
Director

Brisbane, 10 August 2018

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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 25 July 2018.

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	253,112	742
1,001 – 5,000	1,919,113	671
5,001 – 10,000	1,797,849	229
10,001 – 100,000	4,590,034	191
100,001 and over	17,044,756	21
	25,604,864	1,854

Corporate Governance Statement
30 June 2018

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 and Corporate Governance Statement 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

Shareholder Information

Twenty largest shareholders

	Number held	% of issued shares
RAINROSE PTY LTD	6,021,499	23.52
ANKLA PTY LTD	4,029,512	15.74
NOWCASTLE PTY LTD	1,183,873	4.62
NATIONAL NOMINEES LIMITED	813,829	3.18
POLTICK PTY LTD	609,655	2.38
RIPELAND PTY LTD	533,179	2.08
MR ROBERT PATRICK LYNCH + MS SINEAD JOSEPHINE LYNCH <LYNCH FAMILY S/F A/C>	500,000	1.95
STODDART BUILDING PRODUCTS PTY LTD	473,825	1.85
MR TIMOTHY MARK BARTHOLOMAEUS + MS PATRESE CAROLINE BARTHOLOMAEUS <BART INC FAMILY A/C>	460,000	1.80
MR ANDREW THOMAS + MRS TANIA THOMAS <AB THOMAS SUPER FUND A/C>	375,225	1.47
J P MORGAN NOMINEES AUSTRALIA LIMITED	356,935	1.39
SKYLEVI PTY LTD <SUPERFUN SUPER FUND A/C>	298,024	1.16
SUNSTAR AUSTRALIA PTY LTD	227,780	0.89
MR ANDREW BARRY THOMAS	210,779	0.82
FARALLON CAPITAL PTY LTD <NUNN INVESTMENT A/C>	185,000	0.72
J & P CHICK PTY LIMITED <J & P CHICK PTY LTD S/F A/C>	157,774	0.62
ROLLEE PTY LTD	141,688	0.55
GENERAL PACKAGING PTY LTD	125,131	0.49
MR KENNETH OWEN KUHNEMANN + MRS MEREDITH BERNICE KUHNEMANN	125,000	0.49
MIZI SUPERANNUATION PTY LTD <MIZI SUPER FUND A/C>	114,947	0.45
	16,943,655	66.17

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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