

Tamawood Group

ABN 56 010 954 499

Annual Report

For the Year Ended 30 June 2020

ABN 56 010 954 499
ASX Code: TWD

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For the Year Ended 30 June 2020

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Chairman's Letter

The Group has recorded an after tax result of \$4.477 million which is 12.76% greater than FY19. The last half of FY20 is a 153% improvement on the first half of FY20.

The final fully franked dividend for FY20 proposed to be 14 cents made up of cash and in specie distribution of SenterpriSys Limited shares (1 for 3 basis).

The board has taken a decision to change its dividend payment dates to the following:

- Final dividend payable end of August each year.
- Interim dividend payable end of March each year.

Future outlook

The board formed an opinion that 27 cents fully franked dividend is an achievable goal. As previously announced in 2018 we anticipated it would take two years to return to the profitability of FY18, and FY21 looks exceptionally positive with preliminary fees indicating increase in turnover for FY21. The improvement in the results are directly linked to our improved focused marketing and advertising strategy with appointments 26% better compared to the same period FY19 before the 'HomeBuilder' grant was announced at the start of June 2020 and more than double since. While the immediate outlook looks very promising it is difficult to predict what will happen in the medium term. This will be impacted by a number of issues including migration levels into Australia, lack of interstate migration due to COVID-19 restrictions, higher unemployment rates and an increase in household debt levels. Nevertheless, our key market in South East Queensland is generally less affected by the above issues.

Effects of Government Grant

As previously announced we are concerned about the effect the grant will have on the industry. The immediate impact has been a substantial increase in enquiries from what was already high enquiry levels. The problem this has caused is that as the application form from the State Governments was only available towards the end of July, none of these new business enquiries could be processed. This creates a situation where jobs that qualify for the grant cannot start onsite. This will lead to a lull in production followed by a large number of job starts all at the same time, and then a shortage of work over the next few weeks, followed by a difficult to manage increase in the level of work going into production all at one time, not to mention the impact on the already significant backlog of building approvals out of councils.

We also believe that the grant could have been better targeted at people who would have otherwise not been in a position to buy their own home. This would have created extra new home sales rather than just bringing forward future new sales, a benefit of this could have been a reduction in pressure on private rental accommodation and on social housing needs.

Notwithstanding all of the above, we remain in a very strong position with no debt and a very strong balance sheet. We are also continuing to open new regional offices in areas we see as having sound future growth prospects due to recent population inflows. We believe that this strategy along with our business renewal plan will help us continue to increase our market share.



Mr Robert Lynch
Non-Executive Chairman

Dated: 4 August 2020

Managing Director's Report

The results for the year for Tamawood Limited was a net profit after tax attributable to members of \$4.447 million (2019:\$3.970 million).

As a result of the disappointing result in FY19 the Board led by Chairman Robert Lynch instigated a complete review of all aspects of the business operations. As a result of that review strategies implemented at the end of second half FY19 and throughout FY20 included changes to advertising, marketing, designs, systems, staffing and construction techniques which resulted in a slight improvement in profitability in FY20.

The transition from a commission based Sales workforce to a wage based Business Development Manager structured workforce, instigated over recent years, and overseen by the Chairman Robert Lynch has been completed successfully. This has allowed increased flexibility and control by Management with the ability to rapidly train and deploy non-traditional Sales employees with immediate results.

Over the past year the staff have worked tirelessly to adjust to new requirements from authorities, particularly the QBCC, to establish new processes and improved communication with authorities and clients. The QBCC inspectors and Fair Trading officer's assistance to our clients and willingness to communicate and resolve issues with our staff throughout the year has been appreciated resulting in better outcomes for all involved.

The successful implementation and testing of Senterprisys software modules in the Tamawood business has continued in FY20 with further implementation in early FY21 allowing us to expand seamlessly into additional regional markets. Throughout FY20 we have continued to improve and refine our online offering and website with improvements to search functions to improve our customer's ability to find suitable products at a competitive price in the areas they are looking to build.

COVID-19

Fortunately, the residential building industry has been classified as an essential service and all our offices and sites remained open and operational throughout the initial shutdown period. Although business continued, the sudden and unexpected COVID-19 pandemic did have an effect in the second half FY20. I would like to thank all the staff for their resilience and willingness to adjust to uncertain and changing conditions while at the same time continuing to achieve improved results. I would also like to thank the Directors and Company Secretaries for their assistance by accepting a reduction in fees while at the same time an increased work load due to the Pandemic. The company has received a great benefit from the increased Board diversity since the appointment of our two newest Directors. The support of our various landlords, with generous rent reductions, in particular from the Landlord of our Head office at Rocklea has been greatly appreciated.

The response to date has included:

- Development of design ranges to take advantage of emerging market segments such as unique sites, small sub-divisions and disability compliant designs.
- Re-instatement of radio and billboard advertising, at discounted rates during initial shutdown, where a number of competitors discontinued their advertising.
- Establishment of processes and procedures for safe social distances in multiple offices and across hundreds of individual sites throughout Queensland and New South Wales.
- Remote working from home systems implemented and tested for all staff.
- Further utilisation of our unique ability to attract and secure client appointments without the need for display homes in crowded villages where social distancing and hygiene requirements are difficult to manage.
- Implementation of Skype and Zoom sales appointments and internal meetings where required.
- Introduction of online appointment booking and digital contract signing facilities.
- Upgrades to Cyber security systems.
- Full review of the suppliers to ensure continuity of supply.

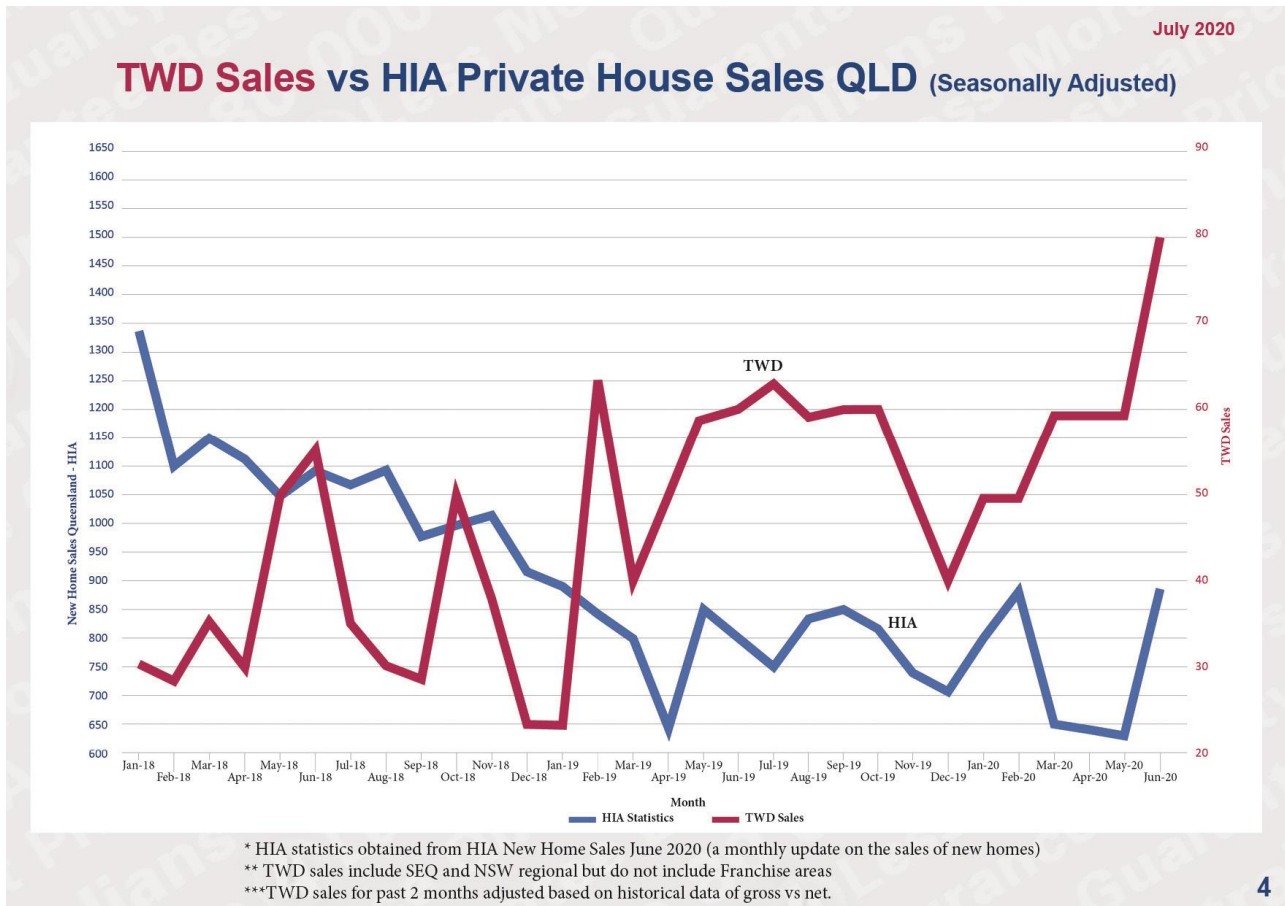
Finally, I would like to thank all our valued Suppliers and Trades for their ongoing support of our business throughout these challenging times.

‘HomeBuilder’ Grant

The announcement of the Federal Government “HomeBuilder’ grant in June 2020 has seen a significant increase in enquiry across all our offices, but without an application process established by the State Governments, until towards the end of July, it is still too early to determine outcomes of this grant.

At this stage I believe the business is well positioned to take advantage of changing and emerging markets and the systems and staff are well equipped to deal with challenges that may be faced.

Tamawood remains debt free with a cash balance of \$8.163 million at 30th June 2020.



Tim Bartholomaeus

Mr Tim Bartholomaeus
 Managing Director

Dated: 4 August 2020

Directors' Report
For the Year Ended 30 June 2020

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 2020.

Directors

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

Names	Position
Mr Robert Lynch	Non-executive Chairman
Mr Lev Mizikovsky	Non-executive Director
Mrs Laurie Lefcourt	Non-executive Director
Mrs Linda Horgan	Non-executive Director
Mr Timothy Bartholomaeus	Managing Director

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

Company secretaries

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.
- franchising and licensing operations
- generating and trading of renewable energy certificates associated with solar products

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

Review of operations for the year

Highlights

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 \$4.338 million from \$11.998 million at 30 June 2019 to \$16.336 million at 30 June 2020.

The Group adopted AASB 16 Leases from 1 July 2019 which has significantly increased both the assets and liabilities of the Group. Assets of \$4.681 million and liabilities of \$4.819 million are recorded at 30 June 2020.

Significant changes in state of affairs

COVID-19 impacts to the business:

- Initial stages of the first shutdown in March 2020 resulted in a decrease in enquiry due to client uncertainty however returned to Pre-COVID-19 levels of enquiry by the end of May 2020. As a result of the initial decrease, staff numbers were reduced mainly affecting those staff on probation.

Directors' Report

For the Year Ended 30 June 2020

- There were no immediate impacts on revenue due to initial shutdown as contracts that had commenced on site proceeded as normal.
- The company has not qualified for government support as it did not meet any of the turnover tests.
- Lease modifications were received. The International Accounting Standards Board issued a modifying standard to account for COVID-19 related lease concessions, including concessions beyond 30 June 2020, as income and an adjustment against the lease liability. Lease concessions of \$144,000 has been recorded as income for the year ended 30 June 2020 as a result.
- The announcement of the 'HomeBuilder' grant by the Federal Government in early June 2020 has increased enquiry levels in June and July but a number of clients have requested to terminate their contracts in the hope of applying for, and receiving, the Grant. In the absence of an application form as at the end of July 2020 from the State Government we have concerns regarding the delay as stated in the Chairman's Letter. This delay may result in some erosion of margins due to the demands required of a, possibly reduced, sub-contractor workforce from the industry as a whole.
- Land availability due to the announcement of the 'HomeBuilder' grant has tightened but we believe this is short term issue with land possibly coming to market later in 2020 particularly in regional areas where we are well placed.
- There has been no delays experienced to date with supply of materials to sites. Our contracts allow us to substitute particular products and brands with alternatives so we do not see there being any issues with supply in the immediate future. Our supply chain review did identify potential risks and additional suppliers and, in some cases, supplies have been identified and procured to mitigate any supply risk.
- Border closures have been implemented with an exception to trades travelling across the border for work reasons so to date there have been no impact from these closures. All NSW offices operate remotely day-to-day with no travel required by Management between offices.

Material Risks to the business:

- Liquidity – as the Company is debt free, the company is in a strong liquid position with the majority of contracts underpinned by bank approved finance resulting in a very low risk to the Company.
- Limited land availability – The Company has been strategically expanding into regional areas where land is more plentiful.
- HomeBuilder grants increasing demand for contractor resources and reducing margins. The Company works closely with suppliers and contractors to endure continuity of supply and due to volumes of work being undertaken, can maintain competitive advantage over smaller builders.

Dividends paid

There were no dividends paid during the year. The dividend of 12 cents announced on 3 March 2020 was cancelled on 2 April 2020 due to the expected drop in business activity caused by COVID-19.

Events after the reporting date

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

Future developments and results

The Group will continue to focus on improvements to its automated construction administration processes and operational efficiencies whilst looking to expand and develop its construction operations in regional Queensland and New South Wales.

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
For the Year Ended 30 June 2020

Information on directors

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

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

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

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

Robert 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 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 a member of the Audit and Risk Management Committees.

**Mrs Laurie Lefcourt - Non-executive Director
B. Finance & Administration, FCA, GAICD**

Laurie has extensive experience in senior finance roles across a number of industries including mining and resources, construction, infrastructure and agriculture. She has held CFO and company secretary roles in both small and large organisations. Laurie has significant experience from her executive career relating to strategy, governance, risk management and compliance.

Laurie has been a non-executive director of the Tamawood Group since 2018, and is a non-executive director of Advance NanoTek Limited and SentrpriSys Limited.

Laurie is the Chairperson of the Audit Committee, Nominations and Remuneration Committees and a member of the Risk Management Committee.

**Mrs Linda Horgan - Non-executive Director
AMAMI CPM, GAICD**

Linda has over a decade of marketing experience as the Marketing Manager of various national franchise brands and as Group Account Director with a global marketing agency, overseeing and directing major integrated campaigns.

Linda has a Diploma in Digital and Promotional Marketing and studied Retail Marketing, Shopper Marketing and Experiential Marketing. During this time Linda has won multiple national awards for driving sales volumes, best retail campaigns and for the marketing campaign of the year.

Linda is a member of Nominations, Remuneration and Risk Management Committees.

Directors' Report
For the Year Ended 30 June 2020

Information on directors

**Mr Timothy Bartholomaeus - Managing Director
GAICD**

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

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

Timothy has regularly attended Board Meetings since 2010 and 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 13 of this report.

Information on company secretaries

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

Geoff is a chartered accountant and has a 21 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
For the Year Ended 30 June 2020

Meetings of directors

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

	Directors' Meetings		Audit Committee Meetings		Risk Committee Meetings		Remuneration & Nomination Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Robert Lynch	12	12	3	3	2	2	2	2
Mr Lev Mizikovsky	12	12	3	3	2	2	2	2*
Mrs Laurie Lefcourt	12	12	3	3	2	2	2	2
Mrs Linda Horgan	12	12	0	3*	2	2	0	2
Mr Timothy Bartholomaeus	12	12	0	3*	2	2	0	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 Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

The total fees to the Group's external auditors, William Buck (Qld), for non-audit services during the year ended 30 June 2020 was nil (2019: Nil).

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 2020 has been received and can be found on page 14 of the financial report.

Directors' Report
For the Year Ended 30 June 2020

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 2020 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 2020 is detailed in the table at page 11 to this report.

The Board agreed to take a number of rate cuts to their Directors' fees for 6 months to end of October given the COVID-19 situation.

Directors' Report
For the Year Ended 30 June 2020

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.

	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000
Revenue	101,753	122,949	123,562	102,869	91,947
Net profit attributable to members of the parent entity	8,049	9,066	8,692	3,970	4,477
Dividends paid	6,390	6,646	6,909	12,556	-
Dividends per share (cents)	25.0c	26.0c	27.0c	49.0c	-
Share price at year-end (not rounded)	\$3.10	\$3.69	\$4.00	\$3.61	\$2.52
Weighted average no. of shares on issue at year end	25,559	25,567	25,587	26,019	27,612

Directors' Report
 For the Year Ended 30 June 2020

Remuneration report (audited)

The following table of benefits and payments details, in respect to the 2020 and 2019 financial years, the components of remuneration for each member of the key management personnel (KMP) of the Group.

2020	Short-term benefits			Equity-settled share-based payments	Post employment	Long-term benefits	Termination Benefits	TOTAL
	Cash salary, fees & leave	Bonus	Non-monetary	Shares	Superannuation	LSL		
	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive directors								
- R Lynch	117,000	-	-	-	-	-	-	117,000
- L Mizikovsky	-	-	-	-	-	-	-	-
- L Lefcourt	54,083	-	-	-	-	-	-	54,083
- L Horgan	48,875	-	-	-	-	-	-	48,875
Sub-total Non-executive Directors	219,958	-	-	-	-	-	-	219,958
Executive directors								
- T Bartholomaeus (Managing Director)	194,117	20,000	26,415	-	20,830	5,145	-	266,507
Sub-total executive directors	194,117	20,000	26,415	-	20,830	5,145	-	266,507
Other KMP								
- K Waldron (Sales Manager)	142,947	-	-	-	12,986	2,340	-	158,273
- Jacqueline Rodger (Office Manager)	99,619	-	-	-	9,917	7,889	-	117,425
Sub-total Other KMP	242,566	-	-	-	22,903	10,229	-	275,698
TOTAL	656,641	20,000	26,415	-	43,733	15,374	-	762,163

2019	Short-term benefits			Equity-settled share-based payments	Post employment	Long-term benefits	Termination benefits	TOTAL
	Cash salary, fees & leave	Bonus	Non-monetary	Shares	Superannuation	LSL		
	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive directors								
- R Lynch (Chairman)	94,740	-	-	-	25,000	-	-	119,740
- L Mizikovsky	-	-	-	-	-	-	-	-
- L Lefcourt	55,000	-	-	-	-	-	-	55,000
- L Horgan (Appointed - January 2019)	27,125	-	-	-	-	-	-	27,125
- R Dudurovic (Resigned - August 2018)	18,333	-	-	-	-	-	50,000	68,333
- A Thomas (Resigned - August 2018)	10,820	-	-	-	-	-	50,000	60,820
Sub-total Non-executive Directors	206,018	-	-	-	25,000	-	100,000	331,018
Executive directors								
- T Bartholomaeus (Managing Director)	194,350	40,000	26,415	-	22,263	-	-	283,028
Sub-total Executive Directors	194,350	40,000	26,415	-	22,263	-	-	283,028
Other KMP								
- K Waldron (Sales Manager)	131,841	2,328	-	-	11,498	-	-	145,667
- Jacqueline Rodger (Office Manager)	110,598	-	-	-	10,080	2,041	-	122,719
Sub-total Other KMP	242,439	2,328	-	-	21,578	2,041	-	268,386
TOTAL	642,807	42,328	26,415	-	68,841	2,041	100,000	882,432

Directors' Report
For the Year Ended 30 June 2020

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)	20,000	7.50%	92.50%
KMP			
K Waldron (Sales Manager)	-	0%	100%

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 2020. 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 29 for payment of services received by key management personnel.

Directors' Report
For the Year Ended 30 June 2020

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	14,147,677	-	-	14,403	14,162,080
R Lynch	545,354	-	-	-	545,354
L Lefcourt	-	-	-	3,000	3,000
L Horgan	-	-	-	303	303
T Bartholomaeus	546,260	-	-	(5,000)	541,260
	15,239,291	-	-	12,706	15,251,997

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 29 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.



Mr Robert Lynch
Non-Executive Chairman

Dated 4 August 2020

The Directors
Tamawood Limited
1821 Ipswich Road
ROCKLEA QLD 4106

Auditor's Independence Declaration

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 review; 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 4 August 2020

ACCOUNTANTS & ADVISORS

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Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

	Note	2020 000's	2019 000's
Revenue	3	91,947	102,869
Other income	3	254	77
Cost of sales		(72,227)	(85,961)
Accrued expenses adjustment (Unbilled)		(1,169)	1,602
Employee benefits expense		(7,076)	(7,258)
Depreciation expense	4	(1,217)	(245)
Advertising		(393)	(718)
Consultancy		(582)	(778)
Rent expense		(148)	(877)
Lease Interest Expense		(241)	-
Bad Debts		(54)	-
Other operating expenses		(2,690)	(3,025)
Profit before income tax		6,404	5,686
Income tax expense	6	(1,927)	(1,716)
Profit for the year		4,477	3,970
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		4,477	3,970
Profit attributable to:			
Members of the parent entity		4,477	3,970
Total comprehensive income attributable to:			
Members of the parent entity		4,477	3,970
Earnings per share			
- Basic earnings per share	32	16.21 cents	15.26 cents
- Diluted earnings per share	32	16.21 cents	15.26 cents

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position As At 30 June 2020

	2020	2019
Note	000's	000's
ASSETS		
Current Assets		
Cash and cash equivalents	8,163	4,309
Trade and other receivables	5,469	5,375
Inventories - Uninvoiced completed works	10,742	8,042
Inventories - STC (Renewable energy certificates)	152	187
Other inventories	661	605
Other assets	105	29
Current tax assets	-	86
Total Current Assets	25,292	18,633
Non-Current Assets		
Investment in associates	815	815
Property, plant and equipment	634	876
Right of use assets	4,681	-
Deferred tax assets	434	370
Total Non-Current Assets	6,564	2,061
TOTAL ASSETS	31,856	20,694
LIABILITIES		
Current Liabilities		
Trade and other payables	3,067	3,184
Accrued expenses (Unbilled)	3,432	2,262
Provisions	612	577
Current tax liabilities	14	-
Lease liabilities (Current)	808	-
Total Current Liabilities	7,933	6,023
Non-Current Liabilities		
Lease liabilities (Non-current)	4,071	-
Provisions	293	260
Deferred tax liabilities	3,223	2,413
Total Non-Current Liabilities	7,587	2,673
TOTAL LIABILITIES	15,520	8,696
NET ASSETS	16,336	11,998

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position As At 30 June 2020

	Note	2020 000's	2019 000's
EQUITY			
Issued capital	21	7,647	7,647
Reserves	22	(479)	(479)
Retained earnings		9,020	4,682
Total equity attributable to equity holders of Tamawood Limited		16,188	11,850
Non-controlling interest		148	148
TOTAL EQUITY		16,336	11,998

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity For the Year Ended 30 June 2020

2020

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 2019	7,647	4,682	(479)	11,850	148	11,998
Cumulative adjustment upon change in accounting policies (AASB 16)	1(t)	(139)	-	(139)	-	(139)
Balance at 1 July 2019 - restated	7,647	4,543	(479)	11,711	148	11,859
Comprehensive income for the year						
Profit for the year	-	4,477	-	4,477	-	4,477
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	4,477	-	4,477	-	4,477
Balance at 30 June 2020	7,647	9,020	(479)	16,188	148	16,336

2019

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 2018	586	13,268	(479)	13,375	148	13,523
Profit / (Loss) for the year	-	3,970	-	3,970	-	3,970
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	3,970	-	3,970	-	3,970
Transactions with owners in their capacity as owners						
Shares issued during the year	21	7,061	-	7,061	-	7,061
Dividends paid	7	(12,556)	-	(12,556)	-	(12,556)
Total transaction with owners in their capacity as owners		7,061	(12,556)	(5,495)	-	(5,495)
Balance at 30 June 2019	7,647	4,682	(479)	11,850	148	11,998

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows For the Year Ended 30 June 2020

	2020	2019
Note	000's	000's
Cash flows from operating activities		
Receipts from customers (including GST)	93,398	105,562
Payments to suppliers and employees (including GST)	(87,485)	(96,521)
Interest received	44	121
Lease interest paid	(241)	-
Income taxes paid	(1,015)	(3,630)
Net cash from operating activities	27 <u>4,701</u>	<u>5,532</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	16	99
Payments for property, plant and equipment	(70)	(563)
Payment for investments in associates	-	(560)
Net cash used by investing activities	<u>(54)</u>	<u>(1,024)</u>
Cash flows from financing activities		
Repayment of lease liabilities	(793)	-
Dividend paid by parent entity	-	(7,996)
Shares issued by parent entity	-	2,342
Net cash used by financing activities	<u>(793)</u>	<u>(5,654)</u>
Net increase (decrease) in cash and cash equivalents	3,854	(1,146)
Cash and cash equivalents at beginning of year	<u>4,309</u>	<u>5,455</u>
Cash and cash equivalents at end of financial year	8 <u><u>8,163</u></u>	<u><u>4,309</u></u>

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

The accompanying notes form part of these financial statements.

Notes to the Financial Statements For the Year Ended 30 June 2020

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 4 August 2020.

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 2020

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 23 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 24 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 2020

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.

Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(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.

(i) 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.

(ii) 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.

(iii) Uninvoiced completed works

These assets are recognised when Tamawood has transferred goods and services to the customer but where it is yet to establish an unconditional right to consideration.

Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(f) Property, Plant and Equipment

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

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

Plant and equipment

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

Depreciation

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

Assets held as 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
Leasehold improvements	15 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 2020

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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using effective interest method, less any allowance for expected credits losses. Trade receivables are generally due for settlement within 30 days.

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.

Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(g) Financial instruments

Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This presents a portion of the asset's lifetime expected credit losses that is attributable to a default even that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss impairment of financial assets.

(h) Cash and cash equivalents

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

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

(i) Employee benefits

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

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

(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.

Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(j) Provisions

Provisions 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) Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(n) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(o) Revenue and other income

Revenue is recognised when it is highly probable that a significant reversal will not occur.

Construction Contracts

Contracts entered into are for the construction of residential homes. The construction of each home is taken to be one performance obligation. The transaction price is normally fixed at the start of the contract. When a variation for the building works is required and agreed upon per the contract the variation will be included in the transaction price and accounted for accordingly. As a result, the one performance obligation recognised and fulfilled over time and as such revenue is recognised over time.

Revenue earned is referenced to the stage of completion of contract activity, base on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Customers are invoiced on achievement of key task milestones in the construction program. Invoices are paid on normal commercial terms.

Renewable energy certificates

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

Franchise revenue

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

Dividend revenue

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

Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(p) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

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

(q) Share based payments

The Group operates on 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.

Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(r) 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 - construction work in progress

The Group uses the stage-of-completion based on the input method in accounting for its fixed-price contracts to deliver construction services as discussed in Note 1(o). Use of the stage-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.

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 19. 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.

Key estimates - lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances

Key estimates - incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(s) New and Amended Standards Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and the group had to change its accounting policies and consider making retrospective adjustments as a result of adopting the following standards:

- AASB 16: Leases

The impact of the adoption of these standards and the respective accounting policies are disclosed in Note 1(t).

Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(t) New Accounting Standards Adopted by the Group

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

- AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption at 1 July 2019 was as follows:

	1 July 2019 \$'000
Operating lease commitments 1 July 2019	7,351
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4.5%	(536)
Short term leases not recognised as a right of use asset	(295)
Accumulated depreciation as at 1 July 2019	<u>(1,252)</u>
	<u>5,268</u>
Right of use asset	5,268
Lease liabilities – Current	(546)
Lease liabilities – Non-current	(4,927)
Tax effect of above adjustments	66
Reduction in opening retained earnings 1 July 2019	<u>(139)</u>

The Group has a number of leases of buildings, with agreements between two and ten years, for its office space.

The closing balances of the right of use assets are in Note 15 and the lease liabilities in Note 18.

Notes to the Financial Statements For the Year Ended 30 June 2020

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 Australian Accounting Standards.

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

	2020 000's	2019 000's
Statement of Financial Position		
Assets		
Current assets	5,955	2,813
Non-current assets	7,270	7,335
Total Assets	13,225	10,148
Liabilities		
Current liabilities	177	45
Non-current liabilities	3,223	2,413
Total Liabilities	3,400	2,458
Equity		
Issued capital	7,647	7,647
Retained earnings	2,178	43
Total Equity	9,825	7,690
Statement of Profit or Loss and Other Comprehensive Income		
Profit for the year	2,135	9,914
Total comprehensive income	2,135	9,914

Guarantees

The parent entity did not have any guarantees as at 30 June 2020.

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2020.

Contractual commitments

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2020.

Notes to the Financial Statements For the Year Ended 30 June 2020

3 Revenue and Other Income

Revenue from continuing operations

	Note	2020 000's	2019 000's
Sales revenue			
- Construction contract revenue		80,711	95,489
- Uninvoiced completed works adjustment		2,719	(4,131)
- Renewable energy certificates		7,343	10,350
- Franchise revenue		678	641
Other revenue			
- Rental income		452	399
- Interest revenue		44	121
Total Revenue		91,947	102,869
Other Income			
Other		110	77
Lease concession		144	-
Total other income		254	77

Construction contract revenue includes \$80.7m (2019: \$95.5m) of revenue recognised for residential construction which are accounted for over time using the input method. All other revenue is recognised at a point in time.

4 Depreciation Expense

Component of depreciation expense.

	Note	2020 000's	2019 000's
Right of use assets	15	931	-
Property, plant and equipment	14	286	245
		1,217	245

5 Remuneration of Auditors

	2020 \$	2019 \$
Remuneration of the auditor of the parent entity, William Buck (QLD) including related entities for:		
- auditing or reviewing the financial report	70,000	70,000
	70,000	70,000

Notes to the Financial Statements For the Year Ended 30 June 2020

6 Income Tax Expense

(a) Components of tax expense		
	2020	2019
	000's	000's
Current tax expense		
Current income tax	1,115	2,942
Adjustments in respect of current income tax of previous years	-	4
Deferred tax expense		
Relating to origination and reversal of temporary differences	812	(1,230)
	<u>1,927</u>	<u>1,716</u>
(b) Reconciliation of income tax to accounting profit		
Profit before income tax from continuing operations	6,404	5,686
Prima facie income tax expense at the statutory income tax rate of 30% (2019: 30%)	1,921	1,706
The following items have affected income tax expense for the period:		
Tax effect of:		
- permanent differences	6	6
- Adjustments recognised for current tax of prior periods	-	4
	<u>1,927</u>	<u>1,716</u>
The applicable tax rate for 2020	30%	30%

For the 2020 financial year, the effective tax rate is 30.09% (2019: 30.16%). We note that the 2020 effective tax rate is in line with the effective corporate tax rate.

Notes to the Financial Statements For the Year Ended 30 June 2020

7 Dividends

Dividends paid

2020	2019
000's	000's

The following dividends were declared and paid:

Final dividend of 16 cents (fully franked at 30%) per fully paid share paid 3 December 2018

-	4,097
---	-------

Full interim & Final dividends of 33 cents (fully franked at 30%) per fully paid share paid 18 April 2019

-	8,459
---	-------

Total

-	12,556
---	--------

Total dividends per share

2020	2019
Cents	Cents

Total dividends per share declared and paid

-	49
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Franked dividends declared or paid during the year were franked at the tax rate of 30%.

Franking account

2020	2019
000's	000's

Balance of franking account at year end

2,052	1,036
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Adjusted for franking credits arising from:

Payment of provision for income tax

14	(86)
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The franking credits available for subsequent financial years at a tax rate of 30%

2,066	950
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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;
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The current franking credit balance as at 2020 is \$2.066 million.

Notes to the Financial Statements For the Year Ended 30 June 2020

8 Cash and cash equivalents

	2020 000's	2019 000's
Cash at bank	3,268	2,871
Short-term bank deposits	4,857	1,358
Other cash and cash equivalents	38	80
	<u>8,163</u>	<u>4,309</u>

9 Trade and other receivables

	2020 000's	2019 000's
CURRENT		
Trade receivables	277	288
Construction contract progress bills receivable	5,222	5,147
Trade and other receivables (impairments)	9(a) (30)	(60)
Total current trade and other receivables	<u>5,469</u>	<u>5,375</u>

(a) Impairment of receivables

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

Balance at beginning of the year	60	60
Reversal of provision	(30)	-
Balance at end of the year	<u>30</u>	<u>60</u>

(b) Aged analysis

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

0-30 days	4,382	3,800
31-60 days	206	623
61-90 days (past due not impaired)	307	251
91+ days (past due not impaired)	604	701
91+ days (considered impaired)	-	60
	<u>5,499</u>	<u>5,435</u>

Notes to the Financial Statements For the Year Ended 30 June 2020

9 Trade and other receivables (cont)

(b) Aged analysis

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 30 for further details of credit risk management.

10 Uninvoiced Completed Works

	Note	2020 000's	2019 000's
CURRENT			
At cost:			
Inventories - Uninvoiced completed works	10(a)	11,119	8,400
Less Provision for deleted jobs		(377)	(358)
		<u>10,742</u>	<u>8,042</u>

Write downs of inventories to net realisable value during the year were \$ NIL (2019: \$ NIL).

(a) Construction Contracts

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

	2020 000's	2019 000's
Contract costs incurred plus recognised profits	44,197	45,649
Less: Progress claims	(33,078)	(37,249)
	<u>11,119</u>	<u>8,400</u>

(b) Movement in uninvoiced completed works

	2020 000's	2019 000's
Opening balance	8,400	12,473
Additions	83,430	91,416
Transfers to trade and other receivables	(80,711)	(95,489)
Closing balance	<u>11,119</u>	<u>8,400</u>

Notes to the Financial Statements For the Year Ended 30 June 2020

11 Inventories - STC (Renewable energy certificates)

	2020 000's	2019 000's
CURRENT		
At cost:		-
Inventories - STC (Renewable energy certificates)	152	187
	<u>152</u>	<u>187</u>

12 Other Inventories

	2020 000's	2019 000's
CURRENT		
At cost:		
Display home and home available for sale	659	603
New South Wales developments (Land)	2	2
	<u>661</u>	<u>605</u>

Notes to the Financial Statements For the Year Ended 30 June 2020

13 Other assets

	2020 000's	2019 000's
CURRENT		
Prepayments and other deposits	105	29
	<u>105</u>	<u>29</u>

14 Property, plant and equipment

	2020 000's	2019 000's
Motor vehicles		
At cost	930	960
Accumulated depreciation	(546)	(451)
Total motor vehicles	<u>384</u>	<u>509</u>
Office furniture & equipment		
At cost	933	907
Accumulated depreciation	(777)	(663)
Total office equipment	<u>156</u>	<u>244</u>
Computer software		
At cost	73	62
Accumulated depreciation	(47)	(17)
Total computer software	<u>26</u>	<u>45</u>
Leasehold Improvements		
At cost	86	86
Accumulated depreciation	(18)	(8)
Total leasehold improvements	<u>68</u>	<u>78</u>
Total property, plant and equipment	<u>634</u>	<u>876</u>

Notes to the Financial Statements For the Year Ended 30 June 2020

14 Property, plant and equipment

(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	Lease Hold Improvement s 000's	Total 000's
Year ended 30 June 2020					
Balance at the beginning of year	509	244	45	78	876
Additions	23	36	11	-	70
Disposals - written down value	(16)	(10)	-	-	(26)
Depreciation expense	(132)	(114)	(30)	(10)	(286)
Balance at the end of the year	384	156	26	68	634
Year ended 30 June 2019					
Balance at the beginning of year	553	117	7	-	677
Additions	209	216	52	86	563
Disposals - written down value	(119)	-	-	-	(119)
Depreciation expense	(134)	(89)	(14)	(8)	(245)
Balance at the end of the year	509	244	45	78	876

Notes to the Financial Statements For the Year Ended 30 June 2020

15 Right of use assets

	2020 000's	2019 000's
Land and buildings - Right of use	5,612	-
Less: Accumulated depreciation	(931)	-
	<u>4,681</u>	<u>-</u>

Additions to the right-of-use assets during the year were \$0.344 million.

The consolidated entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between 1 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

16 Trade and other payables

	2020 000's	2019 000's
CURRENT		
Unsecured liabilities		
Trade payables	3,003	3,108
Other payables	33	76
Dividend payable	31	-
	<u>3,067</u>	<u>3,184</u>

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

17 Unbilled accrued expenses

	2020 000's	2019 000's
CURRENT		
Accrued expenses (Unbilled)	3,432	2,262
	<u>3,432</u>	<u>2,262</u>

18 Lease Liabilities

	2020 000's	2019 000's
Lease liabilities (Current)	808	-
Lease liabilities (Non-current)	4,071	-

Notes to the Financial Statements For the Year Ended 30 June 2020

19 Provisions

	2020 000's	2019 000's
CURRENT		
Employee benefits	612	577
NON-CURRENT		
Warranties	150	150
Employee benefits	143	110
	293	260
	Warranties	Total
	000's	000's
	\$	\$
Opening balance at 1 July 2019	150	150
Additional provisions	-	-
Balance at 30 June 2020	150	150

Provision for Warranties

A provision of \$150,000 at 30 June 2020 (2019: \$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).

Notes to the Financial Statements For the Year Ended 30 June 2020

20 Tax

(a) Current tax liabilities

	2020 000's	2019 000's
Income tax payable (refundable)	14	(86)
	<u>14</u>	<u>(86)</u>

(b) Recognised deferred tax assets and liabilities

	2020 000's	2019 000's
Deferred tax assets	20(c) <u>434</u>	370
	<u>434</u>	<u>370</u>
Deferred tax liabilities	20(d) <u>3,223</u>	2,413
	<u>3,223</u>	<u>2,413</u>

(c) Deferred tax assets

	Restated Opening Balance 000's	Charged to Income 000's	Closing Balance 000's
Deferred tax assets			
Provisions	63	(9)	54
Employee benefits	206	20	226
Accrued expenses	16	-	16
Deferred tax assets attributable to tax losses	67	(12)	55
Plant and equipment	5	5	10
Leases	66	(6)	60
Other	13	-	13
Balance at 30 June 2020	<u>436</u>	<u>(2)</u>	<u>434</u>
Provisions	63	-	63
Employee benefits	202	4	206
Accrued expenses	14	2	16
Deferred tax assets attributable to tax losses	90	(23)	67
Plant and equipment	7	(2)	5
Other	10	3	13
Balance at 30 June 2019	<u>386</u>	<u>(16)</u>	<u>370</u>

Notes to the Financial Statements For the Year Ended 30 June 2020

20 Tax

(d) Deferred tax liability

	Opening Balance 000's	Charged to Income 000's	Closing Balance 000's
Deferred tax liability			
Uninvoiced completed works	2,413	810	3,223
Balance at 30 June 2020	2,413	810	3,223
Uninvoiced completed works	3,658	(1,245)	2,413
Balance at 30 June 2019	3,658	(1,245)	2,413

21 Issued Capital

	2020 000's	2019 000's
27,612,589 (2019: 27,612,589) Ordinary shares fully paid	7,647	7,647
	7,647	7,647

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

	2020 000's	2019 000's
At the beginning of the reporting period	7,647	586
Shares issued under capital raising	-	2,342
Dividend re-investment	-	4,560
Shares issued under the Employee Share Scheme and Customer reward program	-	159
At the end of the reporting period	7,647	7,647

	2020 No.	2019 No.
At the beginning of the reporting period	27,612,589	25,604,864
Shares issued during the year		
- Shares issued under capital raising	-	641,548
- Dividend re-investment	-	1,321,877
- Employee Share Scheme and Customer reward program	-	44,300
At the end of the reporting period	27,612,589	27,612,589

Notes to the Financial Statements For the Year Ended 30 June 2020

21 Issued Capital

(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 reinstated on 18 April 2019 and remains in place since that date.

22 Reserves

	2020 000's	2019 000's
Transactions with Non-Controlling Interest (NCI) reserve		
Opening balance	(479)	(479)
Ending balance	<u>(479)</u>	<u>(479)</u>

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.

Notes to the Financial Statements For the Year Ended 30 June 2020

23 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2020	Percentage Owned (%)* 2019
Subsidiaries:			
Dixon Build Pty Ltd	Brisbane, Australia	100	100
Dixon Construct Pty Ltd	Brisbane, Australia	100	100
Dixon NSW Pty Ltd	Sydney, Australia	100	100
DixonRes Pty Ltd	Brisbane, Australia	100	100
Dixon Systems Pty Ltd	Brisbane, Australia	100	100
SolarpowerRex Pty Ltd	Brisbane, Australia	70	70
SolarRex Pty Ltd	Brisbane, Australia	70	70
TamawoodL Pty Ltd	Brisbane, Australia	100	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.

24 Investment in Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2020	Percentage Owned (%)* 2019
Associates:			
Senterprisys Limited (Formerly Resiweb Limited)	Brisbane, Australia	23.13	23.13

*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.

Notes to the Financial Statements For the Year Ended 30 June 2020

24 Investment in Associates

Senterprisys Limited (Formerly Resiweb Limited)

Senterprisys Limited is a public company that is developing a software system including back-office and client interface processes to support small home builders. The Group's interest in the company represents a strategic investment.

25 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2020 (30 June 2019: None) except as follows:

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.

26 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.

Notes to the Financial Statements For the Year Ended 30 June 2020

27 Cash Flow Information

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

	2020 000's	2019 000's
Profit after income tax for the year	4,477	3,970
Adjustments for non-cash items in profit:		
- depreciation	1,217	245
- net (gain)/loss on disposal of property, plant and equipment	10	20
- Employee share scheme expense	-	159
Provision for impairment of receivables	30	-
AASB16 transition adjustment	(139)	-
Net changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(64)	454
- (increase)/decrease in prepayments	(76)	501
- (increase)/decrease in inventories	(21)	881
- (increase)/decrease in uninvoiced completed works	(2,700)	4,151
- (increase)/decrease in deferred tax assets	(64)	16
- increase/(decrease) in trade and other payables	(105)	(1,348)
- increase/(decrease) in income taxes payable	100	(685)
- increase/(decrease) in deferred tax liabilities	810	(1,245)
- increase/(decrease) in provisions	68	14
- increase/(decrease) in Unbilled accrued expenses	1,170	(1,601)
- increase/(decrease) in other payable	(12)	-
Net cash from operating activities	4,701	5,532

28 Key Management Personnel Disclosures

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

	2020 \$	2019 \$
Short-term employee benefits	703,056	711,550
Long-term benefits	15,374	2,041
Post-employment benefits	43,733	68,841
Termination benefits	-	100,000
	762,163	882,432

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 2020.

Notes to the Financial Statements For the Year Ended 30 June 2020

29 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').

AstiVita Limited and Advanced NanoTek Ltd. (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 and ANO. Transactions between the Group and the above related parties are disclosed below.

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

For details of remuneration disclosures relating to KMP, refer to Note 28 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 24.

Notes to the Financial Statements For the Year Ended 30 June 2020

29 Related Party Transactions

(b) Transactions with related parties

(i) Sale of goods and services

	2020	2019
	\$	\$
<i>Key management personnel:</i>		
Mr L Mizikovsky - Non-executive Director		
Sales to an entity controlled by Mr L Mizikovsky		
- for construction of homes under normal commercial terms by Dixonbuild Pty Ltd	315,933	54,478
- insurances	9,920	10,400
Mr G Acton - Joint Company Secretary		
- Rent collected on leased property & miscellaneous services	43,252	56,021
- for construction of homes under normal commercial terms by Dixonbuild Pty Ltd	490,427	-
Mr A Thomas - Non-executive Director (Resigned - August 2018)		
- franchise fees to Dixon Systems Pty Ltd	281,907	211,261
- insurance fees charged by Tamawood Ltd	-	4,550
Mr. T Bartholomaeus - Managing Director		
- for construction materials supplied by Dixon Build Pty Ltd	682	8,540
Mrs P Bartholomaeus - Sr. Designer, Dixon Systems Pty Ltd		
- Insurance fees charged by Tamawood Ltd	-	650
<i>Related party</i>		
AstiVita Limited		
- Sales to AstiVita for advertising, IT & admin and lease of premises	94,520	29,894
- Sales of PV Panels	38,326	204,968
Advanced NanoTek Limited		
- Sales to ANO for IT and administration services	26,651	12,086
- Rent on sub-leased property	109,013	82,618
<i>Associates:</i>		
Senterprisys Limited (Formerly Resiweb Limited)		
- Accounting and general administration costs provided	42,431	8,115
- Rent collected on leased property	24,726	26,974
- Insurance fees charged by Tamawood Ltd	1,240	1,300
CyberguardAU Pty Ltd		
- Rent on sub-leased property & administration costs	6,703	6,381

Notes to the Financial Statements For the Year Ended 30 June 2020

29 Related Party Transactions

(b) Transactions with related parties

(ii) Purchase of goods and services

	2020	2019
	\$	\$
<i>Key management personnel:</i>		
Mr L Mizikovsky - Non-executive Director		
- Lease of premises from an entity controlled by Mr L Mizikovsky	196,121	224,138
- Management Services	-	4,000
Mr A Thomas - Non-executive Director (Resigned 9 August 2018)		
- Purchase of renewable energy certificates from an entity controlled by Mr A Thomas	11,160	27,664
Mr G Acton - Joint Company Secretary		
- Provision of management services to SolarpowerRex Pty Ltd	104,875	140,394
- Provision of consulting, secretarial and payroll services to subsidiaries within the Group	31,771	93,178
Mrs P Bartholomaeus - Senior Designer, Dixon Systems Pty Ltd (Resigned January 2019)		
- Remuneration	-	86,028
<i>Related party</i>		
AstiVita Limited		
- Purchase of materials including bathroom, kitchen and solar products	1,327,206	935,627
Advance NanoTek Limited		
- Purchase of materials	62,362	-
<i>Associates:</i>		
Senterprisys Limited (Formerly Resiweb Limited)		
- Computer support services provided to the Group	631,012	526,356
CyberguardAU Pty Ltd		
- Software services provided to the Group	22,161	3,022
Winothai Pty Ltd		
- Management services provided to the group	10,725	4,125
Bart Inc Family Trust		
- Provision of management services to SolarpowerRex Pty Ltd	1,622	1,378

Notes to the Financial Statements For the Year Ended 30 June 2020

29 Related Party Transactions

(b) Transactions with related parties

(iii) Outstanding balances

	2020	2019
	\$	\$
<i>Key management personnel:</i>		
Mr L Mizikovsky - Non-executive Director		
- Amounts receivable for construction material supplied and miscellaneous services by Dixonbuild Pty Ltd	14,490	12,187
Mr A Thomas - Non-executive Director (Resigned 9 August 2018)		
- Amounts receivable by Dixon Systems Pty Ltd for franchise fees	-	46,702
<i>Related party</i>		
AstiVita Limited		
- Amounts receivable for sales	135,562	228,143
- Amounts receivable for IT & admin services and rent	12,099	1,136
<i>Associates</i>		
Senterprisys Limited (Formerly Resiweb Limited)		
- Amounts payable for purchases from Dixonbuild Pty Ltd and Dixon Systems Pty Ltd	34,858	853
Advance NanoTek Limited		
- Amount receivable for sales	59,516	6,498
- Amount receivable for IT & tenant services	24,188	14,832
G&S Quality Systems Pty Ltd		
- Amount receivable for sales	163	105

Notes to the Financial Statements For the Year Ended 30 June 2020

30 Financial Risk Management

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

The Group is primarily exposed to the following financial risks:

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

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 91% (2019: 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 \$285,941 (2019: \$172,044). The remainder of the Group's current trade receivables is represented by debtors of the Franchise segment. The largest single receivable was for \$84,677 (2019: \$91,151). 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.

Notes to the Financial Statements For the Year Ended 30 June 2020

30 Financial Risk Management

(a) Credit risk

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.

(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.

	2020 000's	2019 000's
Current assets	25,292	18,633
Current liabilities	(7,933)	(6,023)
Working capital	17,359	12,610

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 12 months		1 to 5 years		Greater than 5 Years		Total *	
	2020 000's \$	2019 000's \$	2020 000's \$	2019 000's \$	2020 000's \$	2019 000's \$	2020 000's \$	2019 000's \$
Financial liabilities due for payment								
Trade and other payables	6,499	5,446	-	-	-	-	6,499	5,446
Lease liabilities	1,008	-	2,895	-	1,760	-	5,663	-
Total contractual outflows	7,507	5,446	2,895	-	1,760	-	12,162	5,446

* 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 2020

30 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% (2019: +/-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	2020		2019	
	\$'000s		\$'000s	
	+1%	-1%	+1%	-1%
Profit	82	(82)	43	(43)
Equity	82	(82)	43	(43)

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.

31 Events Occurring After the Reporting Date

Except for the above, no other 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 2020

32 Earnings per Share

(a) Earnings used to calculate overall earnings per share

	2020 000's	2019 000's
Profit attributable to members of the parent entity used in the calculation of basic and diluted EPS	4,477	3,970

(b) Weighted average number of shares used

	2020 No.	2019 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	27,612,589	26,018,865

33 Company Details

The registered office of the company is:

Tamawood Group
 1821 Ipswich Road
 Rocklea QLD 4106

The principal places of business are:

Dixon Homes
 1821 Ipswich Road
 Rocklea
 Queensland 4106

Dixon Homes
 684 Nicklin Way
 Currimundi
 Queensland 4551

Dixon Homes
 Shop 1, 10 Kerr St.
 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 Rail
 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 For the Year Ended 30 June 2020

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2020 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.



Mr Robert Lynch
Non-Executive Chairman

Dated: 4 August 2020

Tamawood Limited

Independent auditor's report to members

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 2020, the consolidated statement of 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 2020 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 (including Independence Standards)* (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.

ACCOUNTANTS & ADVISORS

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Brisbane QLD 4000
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Brisbane QLD 4001
Telephone: +61 7 3229 5100
williambuck.com

KEY AUDIT MATTER	
Uninvoiced completed works and revenue recognition Refer also to notes 1(e) 1(o), 1(r) and 10	How our audit addressed it
<p>Uninvoiced completed works of \$10.742million is significant to the financial statements.</p> <p>Uninvoiced completed works is based on the application of AASB 15 Revenue from Contracts with Customers, with revenue recognised in accordance with the stage of completion based on the input method. The calculation of the stage of completion of the contract activity is based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs and is material to the estimation of revenue to be recognised in the financial statements.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — 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; — 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. <p>We have also assessed the adequacy of disclosures in the notes to the financial statements.</p>
KEY AUDIT MATTER	
Implementation of AASB 16 Leases Refer also to notes 1(m), 1(n), 1(s), 1(t), 15 and 18	How our audit addressed it
<p>The Group adopted AASB 16 Leases from 1 July 2019, which resulted in changes to the accounting policies. The company has elected not to restate comparative information as permitted by the transitional provisions contained with AASB 16.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Obtained an understanding of the Group's adoption of AASB 16 and identified the internal controls adopted by the Group for the accounting and processes under the new standard, including identifying all relevant leases; — Assessed the discount rates applied in determining lease liabilities;

<p>The impact of AASB 16 is a change in the accounting policy for operating leases. This change in accounting policy results in right-of-use assets of \$4.681million and lease liabilities of \$4.879m being recognised in the statement of financial position. The incremental borrowing rate method has been applied where the implicit rate in a lease is not readily determinable.</p> <p>Because of the judgements which have been applied and the estimates made in determining the impact of AASB 16, this area is considered a key audit matter.</p>	<ul style="list-style-type: none"> — Verified the accuracy of the underlying lease data by agreeing a representative sample of leases to contracts or other supporting documentation and assessed the integrity and accuracy of the AASB 16 lease calculations through re-calculation; — Considered the completeness of the lease data by testing the testing reconciliation of the Group’s lease commitments disclosed in the 2019 financial statements any by considering if we had knowledge of any other leases; — Determined if the disclosures made in the financial statements, including the transition adjustments, were in accordance with AASB 16.
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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 2020 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 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 9 to 13 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Tamawood Limited, for the year ended 30 June 2020, 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.

A handwritten signature in black ink that reads 'William Buck'.

William Buck (Qld)
ABN 21 559 713 106

A handwritten signature in black ink that reads 'M. J. Monaghan'.

M J Monaghan
Director

Brisbane, 4 August 2020

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 24 July 2020.

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 share held 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	290,716	1,307
1,001 – 5,000	1,671,359	587
5,001 – 10,000	1,579,332	210
10,001 – 100,000	4,870,052	210
100,001 and over	19,218,630	19
	27,630,089	2,333

There were 965 holders of less than a marketable parcel of ordinary shares

Corporate Governance Statement

30 June 2020

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 and Recommendations Edition 4. 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

Substantial shareholders

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

Twenty largest shareholders

	Number held	% of issued shares
ANKLA PTY LTD	6,729,124	24.35
RAINROSE PTY LTD	5,725,877	20.72
MUTUAL TRUST PTY LTD	1,577,457	5.71
NOWCASTLE PTY LTD	1,241,185	4.49
RIPELAND PTY LTD	526,779	1.91
STODDART BUILDING PRODUCTS PTY LTD	519,151	1.88
MR ROBERT PATRICK LYNCH + MS SINEAD JOSEPHINE LYNCH <LYNCH FAMILY S/F A/C>	512,500	1.85
MR TIMOTHY MARK BARTHOLOMAEUS + MS PATRESE CAROLINE BARTHOLOMAEUS <BART INC FAMILY A/C>	460,000	1.66
MR ANDREW THOMAS + MRS TANIA THOMAS <AB THOMAS SUPER FUND A/C>	375,225	1.36
SUNSTAR AUSTRALIA PTY LTD	278,773	1.01
MR ANDREW BARRY THOMAS	210,779	0.76
COOLTRAC PTY LTD	181,140	0.66
SKYLEVI PTY LTD <SUPERFUN SUPER FUND A/C>	170,049	0.62
ROLLEE PTY LTD	141,688	0.51
GENERAL PACKAGING PTY LTD	125,131	0.45
MRS MEREDITH BERNICE KUHNEMANN	125,000	0.45
KIRKFARE PTY LTD	110,526	0.40
MIZI SUPERANNUATION PTY LTD <MIZI SUPER FUND A/C>	107,145	0.39
IZMO PTY LTD <SIMIZ A/C>	101,101	0.37
MERITBROOK PTY LTD <KSC SUPER FUND A/C>	100,000	0.36
	19,318,630	69.92

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.

Level 1, 200 Mary Street
 Brisbane QLD 4000

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 Overseas Callers: 61 3 9415 4000