

Tamawood Limited

ABN 56 010 954 499

Interim Financial Statements

For the Half Year Ended 31 December 2021

ABN 56 010 954 499

ASX Code: TWD

Contents

For the Half Year Ended 31 December 2021

	Page
Chairman's Letter	1
Directors' Report	2
Auditor's Independence Declaration	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	16
Independent Auditor's Review Report	17

Chairman's Letter

As expected, the Group recorded a profit of \$3.4 million pre-tax, with an after-tax result of \$2.4 million for the first half FY22, which is 25% less than the same corresponding period. A majority of the works affected by inclement weather and rapid cost increases, have now been completed.

The interim fully franked dividend for the first half FY22 is 11 cents. In line with the new dividend payment plan the dividend will be paid on Friday, March 11, 2022.

As announced on December 10, 2021, the Board remains positive for the outlook for FY22, similar to FY21. The reasons are as follows:

- Current contract prices are at levels that meet the current cost of materials and subcontractors and include provision for further increases.
- Tamawood remains debt free with cash reserves of \$4.557 million at December 31, 2021.
- Enquiry levels are in excess of what is needed to maintain our expected earnings into the foreseeable future.



Robert Lynch
Non-executive Chairman

Dated 8 February 2022

Directors' Report

For the Half Year Ended 31 December 2021

Your Directors present their report on Tamawood Limited ("Tamawood") and its controlled entities ("the Group") for the half year ended 31 December 2021.

1. General information

Directors

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

Names	Position
Mr Robert Lynch	Non-executive Chairman
Mr Lev Mizikovsky	Non-executive Director
Mrs Laurie Lefcourt	Non-executive Director / Chairperson of the Audit Committee
Mrs Linda Horgan	Non-executive Director
Mr Tim Bartholomaeus	Managing Director

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

Company secretaries

- Geoff Acton (B.Com, CA, GAICD)
- Narelle Lynch (Cert Gov Prac)

Principal activities and significant changes in nature of activities

During the half year the principal continuing activities of the Group consisted of:

- Contract home construction, home design and other associated activities in Australia.
- franchising and licensing operations.

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

2. Operating results and review of operations for the year

(a) The Result

Tamawood recorded a net profit after tax of \$2.367 million for the half year ended December 2021 (December 2020: \$3.159 million) representing a decrease of 25%.

The results are addressed in the Chairman's Letter

Directors' Report

For the Half Year Ended 31 December 2021

3. Other items

Significant changes in state of affairs

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

Events after the reporting date

There are no matters or circumstances that have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

ASIC Corporations Instrument 2016/191 rounding of amounts

The Group has applied the relief available to it in ASIC Corporations Instrument 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2021 has been received and can be found on page 4 of the financial report.

This report is signed in accordance with a resolution of the Board of Directors.



Robert Lynch
Non-executive Chairman

Dated 8 February 2022

The Directors
Tamawood Limited
1821 Ipswich Road
ROCKLEA QLD 4106

Auditor's Independence Declaration

As lead auditor for the review of Tamawood Limited for the half-year ended 31 December 2021, 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 review.

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 8 February 2022

ACCOUNTANTS & ADVISORS

Level 22, 307 Queen Street
Brisbane QLD 4000
GPO Box 563
Brisbane QLD 4001
Telephone: +61 7 3229 5100
williambuck.com

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2021

		31 December 2021	31 December 2020
	Note	\$'000s	\$'000s
Revenue	2	52,607	45,630
Other income	2	170	203
Labour, raw materials and consumables used		(43,272)	(36,107)
Accrued expenses adjustment (Unbilled)		847	1,231
Employee benefits expense		(4,053)	(3,671)
Lease Interest Expense		(94)	(106)
Depreciation expense		(588)	(604)
Advertising		(287)	(372)
Consultancy		(290)	(322)
Rent expense		(92)	(42)
Other operating expenses		(1,567)	(1,327)
Profit before income tax		3,381	4,513
Income tax expense		(1,014)	(1,354)
Profit for the half year		2,367	3,159
Other comprehensive income for the half year		-	-
Total comprehensive income for the half year		2,367	3,159
Profit attributable to:			
Members of the parent entity		2,367	3,159
Total comprehensive income attributable to:			
Members of the parent entity		2,367	3,159
Earnings per share			
Basic earnings per share (cents)		8.14	11.26
Diluted earnings per share (cents)		8.14	11.26

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

Tamawood Group

ABN 56 010 954 499

Consolidated Statement of Financial Position

As At 31 December 2021

	31 December 2021 \$'000s	30 June 2021 \$'000s
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4,557	3,808
Trade and other receivables	4,861	5,220
Uninvoiced completed works	20,769	20,730
Inventories - STC (Renewable energy certificates)	194	41
Other inventories	804	666
Prepayments and other deposits	765	397
Current tax assets	-	1,511
TOTAL CURRENT ASSETS	31,950	32,373
NON-CURRENT ASSETS		
Investments in associates	430	430
Property, plant and equipment	678	752
Right of use assets	3,768	4,135
Deferred tax assets	523	714
TOTAL NON-CURRENT ASSETS	5,399	6,031
TOTAL ASSETS	37,349	38,404
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	3,651	3,760
Accrued expenses (Unbilled)	2,557	3,404
Lease liabilities - Current	757	874
Provisions	699	617
Current tax liabilities	203	-
TOTAL CURRENT LIABILITIES	7,867	8,655
NON-CURRENT LIABILITIES		
Lease liabilities - Non-current	3,309	3,556
Provisions	347	334
Deferred tax liabilities	6,285	6,269
TOTAL NON-CURRENT LIABILITIES	9,941	10,159
TOTAL LIABILITIES	17,808	18,814
NET ASSETS	19,541	19,590

Tamawood Group

ABN 56 010 954 499

Consolidated Statement of Financial Position

As At 31 December 2021

	31 December 2021 \$'000s	30 June 2021 \$'000s
EQUITY		
Issued capital	12,757	11,426
Reserves	(479)	(479)
Retained earnings	7,115	8,495
	<hr/>	<hr/>
Total equity attributable to equity holders of Tamawood Limited	19,393	19,442
Non-controlling interest	148	148
	<hr/>	<hr/>
TOTAL EQUITY	19,541	19,590

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

Tamawood Group

ABN 56 010 954 499

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2021

31 December 2021

	Ordinary Shares \$'000s	Retained Earnings \$'000s	General Reserves \$'000s		Non-controlli ng Interests \$'000s	Total \$'000s	
Balance at 1 July 2021	11,426	8,495	(479)		19,442	148	19,590
Comprehensive income for the half year							
Profit / (Loss) for the half year	-	2,367	-		2,367	-	2,367
Other comprehensive income for the half year	-	-	-		-	-	-
Total comprehensive income for the half year	-	2,367	-		2,367	-	2,367
Transactions with owners in their capacity as owners							
Share issued during the half year	1,216	-	-		1,216	-	1,216
Incentive Shares Scheme	115	-	-		115	-	115
Dividends paid or provided for	-	(3,747)	-	4	(3,747)	-	(3,747)
Balance at 31 December 2021	12,757	7,115	(479)		19,393	148	19,541

31 December 2020

	Ordinary Shares \$'000s	Retained Earnings \$'000s	General Reserves \$'000s		Non-controlli ng Interests \$'000s	Total \$'000s	
Balance at 1 July 2020	7,647	9,020	(479)		16,188	148	16,336
Comprehensive income for the half year							
Profit / (Loss) for the half year	-	3,159	-		3,159	-	3,159
Other comprehensive income for the half year	-	-	-		-	-	-
Total comprehensive income for the half year	-	3,159	-		3,159	-	3,159
Transactions with owners in their capacity as owners							
Share issued during the half year	1,979	-	-		1,979	-	1,979
Dividends paid or provided for	-	(3,867)	-	4	(3,867)	-	(3,867)
Balance at 31 December 2020	9,626	8,312	(479)		17,459	148	17,607

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

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2021

	31 December 2021 \$'000s	31 December 2020 \$'000s
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (including GST)	52,532	48,373
Payments to suppliers and employees (including GST)	(49,563)	(45,149)
Interest received	3	9
Lease interest paid	(94)	(106)
Income tax received / (paid)	906	(982)
Net cash provided by operating activities	<u>3,784</u>	<u>2,145</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	19	26
Purchase of property, plant and equipment	(36)	(286)
Net cash (used by) / provided by investing activities	<u>(17)</u>	<u>(260)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of lease liabilities	(487)	(413)
Dividends paid by the parent entity	(2,531)	(1,405)
Net cash used by financing activities	<u>(3,018)</u>	<u>(1,818)</u>
Net increase / (decrease) in cash and cash equivalents held	749	67
Cash and cash equivalents at beginning of the period	3,808	8,163
Cash and cash equivalents at end of the half year	<u>4,557</u>	<u>8,230</u>

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

Notes to the Financial Statements

For the Half Year Ended 31 December 2021

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

This condensed interim financial report for the half year reporting period ended 31 December 2021 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Tamawood Limited and controlled entities ("the Group"). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2021, together with any public announcements made during the half year.

Rounding of amounts

The Company 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.

Accounting Policies

Unless otherwise stated, the same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(b) 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. These new standards did not have an impact on the Group.

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

Notes to the Financial Statements

For the Half Year Ended 31 December 2021

2 Revenue and Other Income

	31 December 2021 \$'000s	31 December 2020 \$'000s
Sales revenue		
- Construction contract revenue	51,138	42,276
- Un-invoiced completed works adjustment	200	2,164
- Renewable energy certificates	484	570
- Franchise revenue	557	394
Other revenue		
- Interest revenue	3	9
- Rental income	225	217
Total revenue	<u>52,607</u>	<u>45,630</u>
Other Income		
- Other income	170	32
- Gain on disposal of assets	-	171
Total other income	<u>170</u>	<u>203</u>

3 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.

4 Dividends

(a) Dividends - Interim

The following dividends were declared and paid:

Final dividend of 13 cents (fully franked at 30%) per fully paid share paid on 6 September 2021

Final dividend of 14 cents (fully franked at 30%) per fully paid share paid on 28 August 2020

Total

	31 December 2021 \$'000s	31 December 2020 \$'000s
	3,747	-
	-	3,867
Total	<u>3,747</u>	<u>3,867</u>

Notes to the Financial Statements

For the Half Year Ended 31 December 2021

5 Issued Capital

	31 December 2021
	\$'000s
29,185,544 (30 June 2021: 28,826,712) Ordinary shares fully paid	12,757
	12,757

(a) Movement in ordinary shares

	31 December 2021	31 December 2021
	\$'000s	No.
At the beginning of the reporting period	11,426	28,826,782
Shares issued during the year		
- Dividend re-investment	1,216	325,962
- Customer reward program	115	32,800
At the end of the reporting period	12,757	29,185,544

6 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2021 (31 December 2020: None).

7 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial half 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.

8 Related Parties

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 ("KMP"):

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.

Notes to the Financial Statements

For the Half Year Ended 31 December 2021

8 Related Parties

AstiVita Limited (AIR), Advance ZincTek Limited (ANO) (formerly Advanced NanoTek Limited), Veganic SKN Limited, SenterpriSys Limited (SPS) and CyberguardAU Pty Ltd 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 these Companies. Transactions between the Group and the above related parties are disclosed below.

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

(b) Transactions with related parties

(i) Sale of goods and services

	31 December 2021 \$	31 December 2020 \$
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Sales to an entity controlled by Mr L Mizikovsky - construction	3,228	432,448
- Sales to an entity controlled by Mr L Mizikovsky - insurance fees	10,293	8,693
Mr G Acton - Joint Company Secretary		
- Rent on sub-leased property	4,437	2,721
- Electricity	309	390
- Insurance fees	-	3,105
Related Parties:		
AstiVita Limited (AIR)		
- Sales to AstiVita for IT and administration services	4,425	1,656
- Electricity	1,200	720
- Rent	64,162	64,753
Advance ZincTek Limited (ANO)		
- Sales to ANO for IT and administration services	7,007	3,523
- Electricity	10,807	9,780
- Rent	34,387	34,940
- Construction	10,842	-
Associates:		
SenterpriSys Limited (SPS)		
- Rent on sub-leased property	11,733	12,363
- Insurance fees and other services provided by the Group	17,837	9,061
- Electricity	1,820	3,761
CyberguardAU Pty Ltd		
- Rent on sub-leased property	2,511	2,792
Veganic SKN Limited		
- Entrance Door	2,723	-
- Professional services	2,089	-
Winothai Pty Ltd		
- Vehicle insurance	640	-

Notes to the Financial Statements

For the Half Year Ended 31 December 2021

8 Related Parties

(b) Transactions with related parties

(ii) Purchase of goods and services

	31 December 2021 \$	31 December 2020 \$
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Rental payments for premises to an entity controlled by Mr L Mizikovsky	-	66,560
Mr G Acton - Joint Company Secretary		
- Provision of Consulting, Secretarial & Payroll Services to subsidiaries within the Group	81,152	102,158
Related parties:		
Advance ZincTek Limited (ANO)		
- Purchase of administration services	8,530	-
AstiVita Limited (AIR)		
- Purchase of materials including bathroom, kitchen and solar products	972,099	939,459
- Purchase for IT and administration services	10,694	-
Associates:		
SenterpriSys Limited (SPS)		
- Complete Support Services provided to the Group	336,467	484,639
CyberguardAU Pty Ltd		
- IT services	24,920	2,079
Veganic SKN Limited		
- Purchase of sunscreen	25,000	-
- Purchase of administration services	2,775	-
Winothai Pty Ltd		
- Professional services	18,000	5,525

Notes to the Financial Statements

For the Half Year Ended 31 December 2021

8 Related Parties

(b) Transactions with related parties

(iii) Outstanding balances

	31 December 2021	31 December 2020
	\$	\$
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Amounts receivable for construction material supplied by DixonBuild Pty Ltd	8,975	-
Mr G Acton - Joint Company Secretary		
- Amounts receivable	434	3,669
Related parties:		
AstiVita Limited (AIR)		
- Amounts receivable	34,890	110,254
Advance ZincTek Limited (ANO)		
- Amounts receivable	7,624	85,705
Associates:		
Senterprisys Limited (SPS)		
- Amounts receivable	18,793	32,172
Veganic SKN Limited		
- Amounts receivable	1,815	-

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
2. 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 made pursuant to s.303(5) of the Corporations Act 2001.



Robert Lynch
Non-executive Chairman

Dated 8 February 2022

Tamawood Limited

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Tamawood Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tamawood Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

Level 22, 307 Queen Street
Brisbane QLD 4000
GPO Box 563
Brisbane QLD 4001
Telephone: +61 7 3229 5100
williambuck.com

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck (Qld)

ABN: 21 559 713 106

M. Monaghan

M J Monaghan

Brisbane 8 February 2022