27 August 2014

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

Dear Sir / Madam

Re: Appendix 4E Final Report and 2014 Annual Report

The Directors of Tamawood Limited announce the financial results for the year ended 30 June 2014.

Find attached the Appendix 4E Final Report and 2014 Annual Report.

Yours faithfully

Geoff Acton
Company Secretary

T: 1300 10 10 10 F: (07) 3272 7311 A: PO Box 16 Sherwood Qld 4075 ABN: 56 010 954 499

The Result

The result for the year for the members of Tamawood Limited was an after tax profit attributable to members of $5.051million or 19.76 cents per share. This result enables us to pay a fully franked dividend of 13 cents per share which will be paid on 4 December 2014. This maintains the full year dividend at 21 cents per share fully franked. The board believes this is an excellent result coming off the back of a very difficult year for sales in the previous year. Tamawood remains debt free with in excess of $5.6 million in cash reserves as at 30 June 2014.

Our automated building system processes and continual refinement of our operating efficiencies has enabled us to maintain a similar profit after tax result to 2013 despite a $1.9 million drop in construction revenue due to timing of commencements between 2014 and 2013 and a $6.0 million drop in ready to occupy revenue as the remaining few contracts were completed during the 2014 year.

Highlights

- An increase in sales in South East Queensland of 37% for the year which will flow into the 2014/15 financial year.
- The establishment of a Sydney franchise which is 75% owned by Tamawood and has made in excess of 50 sales in its first year of operation that will add to profits in the 2014/2015 financial year. The Sydney operation had a small positive impact on the group's results this year.
- The start of work to establish a Melbourne franchise on the same basis as Sydney.
- The rest of our franchise business has seen an increase of 14% in the number of sales and an increase of 18.75% in the number of franchise outlets across Australia and New Zealand which again will help the 2014/2015 result.

2014/2015 Financial Year Outlook

The board expects the improved current housing conditions in South East Queensland to continue.

We also expect the Sydney franchise to continue to expand despite some difficult land supply issues and to make a much more substantial contribution in the 2014/2015 year.

The Melbourne operation will be established over the next year and should make a small contribution in the 2014/2015 year.

We are also pursuing an aggressive expansion of our franchise business which has seen good results to date.

Interim Dividend Guidance – 10 cents

As a result of all this the board has already announced a fully franked dividend of 10 cents per share for the first half of the 2014/2015 year which is an increase of 25% on the same period last year.

RLynch.

Mr Robert Lynch
Non-Executive Chairman

Dated 27 August 2014

Appendix 4E – Final Report

Name of Entity:	**TAMAWOOD LIMITED**
ABN:	**56 010 954 499**
Financial Year Ended:	**30 June 2014**
Previous Corresponding Period:	**30 June 2013**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$'000
Revenue from ordinary activities	down	14.7%	to	81,076
Profit from ordinary activities after tax attributable to members	up	1.6%	to	5,051
Net profit attributable to members	up	1.6%	to	5,051

DIVIDENDS

	Amount per security	Franking at 30% tax rate	Franked Amount per Security
2013 Final dividend (paid 4 December 2013)	13 cents	100%	13 cents
2014 Interim dividend (paid 3 June 2014)	8 cents	100%	8 cents
TOTAL	**21 cents**	**100%**	**21 cents**

The final dividend for the 2014 year has not been declared at the date of this report. Tamawood Limited reaffirms that it will pay a fully franked dividend of 13 cents for the half year ended 30 June 2014, with a payment date of 4 December 2014. This represents a full year dividend for the year ended 30 June 2014 of 21 cents.

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

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

FINANCIAL STATEMENTS

Refer to the Annual Report for the following financial statements:

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

KEY FINANCIAL PERFORMANCE INDICATORS

	2014	2013
Net tangible asset backing		
Net tangible assets per ordinary security	**32.20 cents**	**33.34 cents**
Earnings per security		
Basic earnings per share (cents)	**19.76 cents**	**19.44 cents**
Diluted earnings per share (cents)	**19.76 cents**	**19.44 cents**
Weighted average number of shares	**25,559,611**	**25,559,611**
Profits before tax as % of revenue		
Consolidated profit from continuing operations before tax as a percentage of revenue	**8.99%**	**8.06%**
Profit after tax as % of equity		
Consolidated net profit after tax as a percentage of equity	**61.55%**	**59.99%**

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

ADDITIONAL INFORMATION

Entities over which control has been lost or gained
Tamawood disposed of 100% of Tamawood Research and Development Pty Ltd (‘Tamawood R & D’) on 30 April 2014. Refer to Note 19 of the annual report for further details.

The contribution of Tamawood R & D to the Group’s profit from ordinary activities during the current and prior period was not material to the Group.

Associates and joint venture entities
Tamawood acquired a 19.44% interest in Resiweb Limited on 30 April 2014. Refer to Note 19 of the annual report for further details.

AUDIT & COMPLIANCE STATEMENT

This report is based on the financial statements included in the attached 2014 Annual Report which have been audited and an unqualified audit opinion issued on.

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

Tamawood Limited

ABN 56 010 954 499

Annual Report

For the Year Ended 30 June 2014

ABN 56 010 954 499
ASX Code: TWD

Contents
For the Year Ended 30 June 2014

Chairman's Report

The Result

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RLynch.

Mr Robert Lynch
Non-Executive Chairman

Dated 27 August 2014

Directors' Report
For the Year Ended 30 June 2014

The directors present their report, together with the financial statements of the Group, being Tamawood Limited (the Company) and its controlled entities, for the financial year ended 30 June 2014.

Directors

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

Names	Position	Appointed/Resigned
Mr Robert Lynch	Non-executive Chairman	
Mr Lev Mizikovsky	Non-executive Director	
Mr Rade Dudurovic	Non-executive Director	
Mr Andrew Thomas	Non-executive Director	
Mr Timothy Bartholomaeus	Managing Director	Appointed 12 May 2014

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

Company secretary

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

- Mr Geoff Acton(B.Com, ACA, GAICD)
- Miss Narelle Lynch

Principal activities

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

- home design, project management services and associated activities including home contract construction activities in selected markets
- construction of "Ready-to-Occupy" homes
- generating and trading of renewable energy certificates associated with solar products
- franchising and licensing operations

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

Operating results and review of operations for the year

Operating results

The Group achieved an after-tax profit attributable to the owners of Tamawood Limited of $5.051 million (2013: $4.970 million) for the year ended 30 June 2014.

Basic earnings per share was 19.76cents (2013: 19.44cents).

	Tamawood Limited 2014	HIA Economic Data 2012 ^
	$	$
Profit before tax as a % of revenue	**8.99%**	7.00%
Wages & Salaries as a % of revenue	**6.06%**	16.60%
Interest expense as a % of EBITDA	**0.04%**	31.80%

^ Source: Housing Industry Australia Ltd Economic Group Industry Performance 2011-12 for residential construction industry.

Operating results and review of operations for the year (continued)

Review of operations

Construction (QLD and NSW)

Our automated building system processes and continued refinement of our operating efficiencies has enabled us to maintain a similar profit after tax result to 2013 despite a $1.9 million drop in construction revenue due to timing commencements between 2014 and 2013.

Ready-to-Occupy

As reported in the 2013 Annual Report, the Ready-to-Occupy program was completed with the final sales occurring in the first half of 2014.

Renewable Energy

Despite continued government policy uncertainty, Solarpowerrex contributed positively to the Group's result.

Review of financial position

The net assets of the Group have decreased $290,000 from $8.521 million at 30 June 2013 to $8.231 million at 30 June 2014. This decrease is a result of the Group utilising its retained earnings to maintain its fully franked dividend of 13 cents and its total dividend for the 2014 year at 21 cents.

Significant changes in state of affairs

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

Dividends paid or recommended

	$'000s
Final ordinary dividend of 13 cents per share, paid on 4 December 2013	**3,323**
Interim ordinary dividend of 8 cents per share, paid on 3 June 2014	**2,045**

All dividends paid were fully franked.

The final dividend for the 2014 year has not been declared at the date of this report. Tamawood Limited proposes that it will pay a fully franked dividend of 13 cents for the half year ended 30 June 2014, with a payment date of 4 December 2014. This represents a full year dividend for the year ended 30 June 2014 of 21 cents.

Events after the reporting date

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

Future developments and results

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

The board also expects the strong growth in South East Queensland sales to continue for the rest of the 2014/15 financial year. As a result of this, the board has already announced guidance of 10 cents per share for the first half of the 2014/15 financial year dividend, a 25% increase on the corresponding period last financial year.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Information on directors

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

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

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

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

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

Mr Lev Mizikovsky - Non-executive Director
FAICD

Lev Mizikovsky started Tamawood in July 1989. The Company was listed on the ASX in August 2000 and in December 2000 acquired Dixon Homes. Mr Mizikovsky is currently Executive Chairman of AstiVita Renewables Limited (AIR) and has been a director of AstiVita Renewables Limited since October 2009. AstiVita was spun off from Tamawood in December 2009 and listed on the ASX. The Company specialises in renewable energy products, hot water systems, bathroom and kitchen products. Since 1997, Mr Mizikovsky has been a Fellow of the Australian Institute of Company Directors (AICD). He is a substantial shareholder in a number of other Queensland Companies including Collection House Limited (CLH) and Lindsay Australia Limited (LAU). Lev was a Non-executive Director of Antaria Limited (ANO) from October 2011 to May 2013.

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

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

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

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

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

Mr Andrew Thomas - Non-executive Director

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

Andrew has a 23 year history with Tamawood, 17 years as a highly successful franchisor in Cairns and has recently taken over the Townsville franchise.

Andrew has been a Non-executive Director of Tamawood Limited for the past 13 years. Andrew is an active board member and keenly provides practical ideas and innovative solutions to executive management and board members on marketing and product design matters, as well as franchisee issues. Andrew is a member of the Group's Audit Committee and Risk Management Committee.

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

Mr Timothy Bartholomaeus - Managing Director (appointed 12 May 2014)

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 has been Chief Operating Officer since 2010 and is a Director of the Group's Dixon Homes NSW operations.

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

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

Details of of each director's relevant interest in shares of the company can be found at page 11 of this report.

Information on company secretary

Mr Geoff Acton
B.Com, ACA, GAICD

Geoff is a chartered accountant and has a 14 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

Narelle was appointed joint company secretary on 24 May 2013.

Meetings of directors

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

	Directors' Meetings		Audit Committee		Remuneration Committee		Risk Management Committee		Nominations Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Robert Lynch	12	12	3	3	-	-	4	4	-	-
Mr Lev Mizikovsky	12	11	-*	2*	-	-	4	4	-	-
Mr Rade Dudurovic	12	10	3	3	-	-	4	2	-	-
Mr Andrew Thomas	12	9	3	3	-	-	4	2	-	-
Mr Timothy Bartholomaeus	1*	12*	-*	3*	-	-	-	4*	-	-

* 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

During the year, Tamawood Limited paid a premium to insure the Directors, Secretaries and Officers of the Group and its controlled entities. 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.

The liabilities insured 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 total amount of insurance contract premiums was $23,573 (2013: $11,000).

Non-audit services

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

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

No fees were paid or payable to the Group's external auditors, Grant Thornton, for non-audit services during the year ended 30 June 2014.

The following fees were paid or payable to the Group's previous external auditors, BDO Audit Pty Ltd (including their related entities), for non-audit services provided during their appointment as auditors of the Group:

	2014	2013
	$	$
Tax compliance	**22,908**	45,438
General accounting services[1]	**14,412**	117,228
	37,320	162,666

[1] Fees for other services are comprised of general accounting services relating to Queensland Building and Construction Commission audits, investigation of fraud (2013 year only) and other general accounting advice.

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 2014 has been received and can be found on page 12 of the financial report.

ASIC class order 98/100 rounding of amounts

The Group is an entity to which ASIC Class Order 98/100 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 2014 outlines the remuneration arrangements of the key management personnel of the Group, including the Directors, in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

Remuneration policy

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

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

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

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

Non-executive Director Remuneration

Objective

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

Structure

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

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

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

The remuneration of Non-executive Directors for the period ended 30 June 2014 is detailed in the table at page 9 to this report.

Remuneration report (audited) (continued)

Remuneration policy (continued)

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.

	2010 $'000	**2011 $'000**	**2012 $'000**	**2013 $'000**	**2014 $'000**
Revenue	98,540	114,396	131,372	95,086	81,076
Net profit attributable to members of the parent entity	10,464	6,738	8,259	4,970	5,051
Dividends paid	14,941	7,893	8,260	5,368	5,368
Dividends per share (cents)	39.69c	21.0c	21.0c	21.0c	21.0c
Share price at year-end (not rounded)	$2.44	$2.28	$1.92	$2.45	$3.18

Remuneration report (audited) (continued)

The following table of benefits and payments details, in respect to the 2014 and 2013 financial years, the components of remuneration for each member of the key management personnel (KMP) of the Group.

2014	Short-term benefits			Equity-settled share-based payments	Post employment	Long-term benefits		
	Cash salary, fees & leave $	Bonus $	Non-monetary $	Shares $	Superannuation $	LSL $	Termination Benefits $	TOTAL $
Non-executive directors								
- R Lynch	75,000	-	-	-	15,000	-	-	90,000
- L Mizikovsky	50,000	-	-	-	-	-	-	50,000
- R Dudurovic	45,088	-	-	-	-	-	-	45,088
- A Thomas	45,000	-	-	-	-	-	-	45,000
Sub-total Non-executive Directors	**215,088**	**-**	**-**	**-**	**15,000**	**-**	**-**	**230,088**
Executive directors								
- T Bartholomaeus (Managing Director) [1]	173,364	25,000	27,523	-	15,691	2,844	-	244,422
Sub-total executive directors	**173,364**	**25,000**	**27,523**	**-**	**15,691**	**2,844**	**-**	**244,422**
Other KMP								
- P Souter-Robertson (Franchise Manager)	113,078	17,500	-	-	11,793	-	-	142,371
- P Chucherko (Quality & Maintenance Manager)	123,520	-	6,540	-	11,313	-	-	141,373
- K Waldron (Sales Manager)	118,785	19,000	-	-	13,146	-	-	150,931
- P Hogan (Dixon NSW General Manager & Director - DixonNSW Pty Ltd)	192,500	40,000	-	-	-	-	-	232,500
- G Acton (SolarpowerRex General Manager & Company Secretary)	40,828	-	-	-	3,750	320	-	44,898
Sub-total Other KMP	**588,711**	**76,500**	**6,540**	**-**	**40,002**	**320**	**-**	**712,073**
TOTAL	**977,163**	**101,500**	**34,063**	**-**	**70,693**	**3,164**	**-**	**1,186,583**

2013	Short-term benefits			Equity-settled share-based payments	Post employment	Long-term benefits		
	Cash salary, fees & leave $	Bonus $	Non-monetary $	Shares $	Superannuation $	LSL $	Termination benefits $	TOTAL $
Non-executive directors								
- R Lynch (Chairman)	69,015	-	-	-	21,000	-	-	90,015
- L Mizikovsky	50,000	-	-	-	-	-	-	50,000
- R Dudurovic [4]	45,088	-	-	4,200		-	-	49,288
- A Thomas	45,000	-	-	-	-	-	-	45,000
Sub-total Non-executive Directors	**209,103**	**-**		**4,200**	**21,000**	**-**	**-**	**234,303**
Other KMP								
- T Bartholomaeus (Chief Operating Officer)	151,743	25,000	18,624	-	15,751	2,510	-	213,628
- P Souter-Robertson (Franchise Manager) [2]	110,518	-	-	-	9,899	-	-	120,417
- P Chucherko (Quality & Maintenance Manager)	109,600	15,000	-	-	9,743	-	-	134,343
- K Waldron (Sales Manager)	120,195	-	-	-	11,151	-	-	131,346
- P Hogan (Dixon NSW General Manager & Director - DixonNSW Pty Ltd) [3]	25,000	-	-	-	-	-	-	25,000
- G Acton (SolarpowerRex General Manager & Company Secretary)	53,069	-	-	-	4,617	2,509	-	60,195
Sub-total Other KMP	**570,125**	**40,000**	**18,624**	**-**	**51,161**	**5,019**	**-**	**684,929**
TOTAL	**779,228**	**40,000**	**18,624**	**4,200**	**72,161**	**5,019**	**-**	**919,232**

Remuneration report (audited) (continued)

[1] Commenced as Managing Director from 12 May 2014. Previously held position of Chief Operating Officer.
[2] P Souter-Robertson commenced on 30 April 2012
[3] P Hogan commenced on 26 March 2013
[4] Share-based payment to R Dudurovic relates to shares issued in SolarRex Limited in lieu of remuneration in the form of Directors' fees in his capacity as Director of SolarRex Limited.

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)	25,000	10%	90%
KMP			
P Souter-Robertson (Franchise Manager)	17,500	12%	88%
K Waldron (Sales Manager)	19,000	13%	87%
P Hogan (Dixon NSW General Manager & Director - DixonNSW Pty Ltd)	40,000	17%	83%

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 2014. The bonuses therefore vested 100% during the financial year.

Service Agreements

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

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

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

Remuneration report (audited) (continued)

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
L Mizikovsky	14,895,447	-	-	(891,406)	14,004,041
R Lynch	532,052	-	-	-	532,052
A Thomas	586,004	-	-	4,000	590,004
R Dudurovic	2,680	-	-	2,779	5,459
T Bartholomaeus	563,001	-	-	32,181	595,182
G Acton	13,643	-	-	-	13,643
	16,592,827	**-**	**-**	**(852,446)**	**15,740,381**

Loans to KMP

	$
Balance at beginning of the year	**40,000**
Loans advanced	**-**
Loan repayment received	**(40,000)**
Balance at end of the year	**-**

Temporary loans advanced and repaid during the year did not incur interest as they were advances on future dividend payments.

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 26 to the financial statements.

End of Remuneration Report

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

RLynch.

Mr Robert Lynch
Non-Executive Chairman

Dated 27 August 2014

Grant Thornton Audit Pty Ltd
ABN 91 130 913 594

Level 18
145 Ann Street
Brisbane Queensland 4000
GPO Box 1008
Brisbane Queensland 4001

T + 61 7 3222 0200
F + 61 7 3222 0444
E info@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration
To the Directors of Tamawood Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Tamawood Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Cameron Smith

CDJ Smith
Partner - Audit & Assurance

Brisbane, 27 August 2014

Corporate Governance Statement
For the Year Ended 30 June 2014

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").

Principle 1: Lay solid foundations for management and oversight

Role of the Board and Management

The Board of Directors is responsible for the corporate governance of the Company. The Board provides strategic guidance for the Company, and effective oversight to management. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The roles and responsibilities of the Board, Board Committees and senior management have been established through Board approved Charters that are available in the Corporate Governance section of the website at www.tamawood.com.au.

To assist it in carrying out its responsibilities, the Board has established several standing Board Committees of its members. The Chairman of each Board Committee reports on any matters of substance at the next full Board Meeting. Membership of Board Committees and attendance at Board and Board Committee meetings is tabulated in the Directors' Report.

The Board Committees are:

- Audit Committee
- Nominations Committee
- Remuneration Committee
- Risk Management Committee

Principle 2: Structure the Board to add Value

Directors

The Board of Tamawood presently comprises five Directors, four of whom are non-executive Directors, and one of which is independent.

The current Directors of the Company are listed in the Directors' Report with a brief description of their qualifications, experience, special responsibilities and status.

Chairman of the Board

The Chairman of the Board is a non-executive Director.

Company Secretary

The Company Secretary is appointed and removed by the Board and is responsible for establishing and maintaining the appropriate support mechanisms to enable the Board to function effectively. The Company Secretary is also responsible for ensuring the Board procedures are complied with and advising the Board on governance matters. All Directors have access to the Company Secretary for advice and support services as required.

Independent Advice

Each Director and Board Committee has the right of access to relevant Group information and the executive management team. Directors may seek independent professional advice at the Group's expense with approval from all Directors at a Director's meeting. A copy of advice received by the Director is made available to all other members of the Board.

Nomination committee

The Board has a Nomination Committee, comprising three non-executive Directors, one whom is independent:

- Lev Mizikovsky (Chairman)
- Rade Dudurovic
- Robert Lynch

The Nomination Committee did not meet during the year.

The Nomination Committee Charter sets out its role, responsibilities, composition, structure, membership requirements and guidelines and is posted on the Company's website.

Principle 3: Promote ethical and responsible decision-making

Code of conduct

The Company has a Code of Conduct which sets out the behaviour required of all Board members, senior management, employees and contractors.

Dealing in Tamawood Shares

The Company's Securities Trading Policy, which can be found on our website, places restrictions on the ability of Directors, officers and employees to trade in the Company's shares whilst in the possession of price sensitive information that has not been made public.

Ethical Standards

The Board is committed to its core governance values of integrity, respect, trust and openness among and between Board members, management, employees, customers and suppliers.

Diversity Policy

The Board and senior management have established a group-wide diversity policy to reflect the Company's ongoing commitment to diversity. A copy of the Diversity Policy is available on the Company's website.

Principle 4: Safeguard integrity in financial reporting

Audit Committee

The Board has established an Audit Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Group.

The Audit Committee Charter sets out its role, responsibilities, composition, structure and membership requirements and is posted on the Corporate Governance section of the Company's website.

At least one member of the Audit Committee must have financial expertise (i.e. is a qualified accountant or other financial professional with expertise in financial and accounting matters).

The Audit Committee comprises three members. The Audit Committee is chaired by an independent Director, who is not the Chairman of the Board.

The members of the Audit Committee were:

- Rade Dudurovic (Chairman)
- Robert Lynch
- Andrew Thomas

The names and qualifications of those appointed to the Audit Committee and their attendance at meetings of the committee are included in the Director's Report.

The Audit Committee meets at least twice a year with the auditors. The Audit Committee met three times during the year.

External auditor

The Company and the Audit Committee policy is to engage auditors who clearly demonstrate independence.

The performance of the external auditor is reviewed annually.

Principle 5: Make timely and balanced disclosure

A continuous disclosure regime operates throughout the Group. Policies and Procedures are in place to ensure matters that a person could reasonably expect to have a material effect on the share price are announced to the ASX in a timely manner.

These policies and procedures have been formally communicated to all relevant staff. The Company Secretary is the nominated Continuous Disclosure Officer. The Board approves, or is advised of, all releases that are made to the ASX. All announcements made by the Company are posted on the Company's website.

Principle 6: Respect the rights of shareholders

The Company endeavours to keep its Shareholders informed by:

- Reports to the ASX and the press;
- Half and full year profit announcements;
- Annual Reports;
- Continuous disclosure to the ASX pursuant to the ASX Listing Rules; and
- Posting all the above and any other notifications made by the Company to Shareholders on its website.

The External Auditor attends the Company's Annual General Meeting and is available to respond to questions about the conduct of the audit and the preparation and content of the Independent Audit Report.

Principle 7: Recognise and manage risk

The Board has ultimate responsibility for risk management, compliance and control functions across the Group. These functions are aligned with the Company's business objectives. The Company has in place internal controls intended to identify and manage significant business risks.

The Board has established a Risk Management Committee to identify those areas of risk which are most likely to cause major disruption and damage to the business of the Group and to implement, with Board approval, plans and procedures which will mitigate any damage.

The Risk Management Committee comprises all the Directors of Tamawood. The Risk Management Committee met four times during the year.

The Board has received assurance from the Managing Director that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

The Company intends to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

The Board has established a Remuneration Committee to review and determine, among other things, remuneration policies and packages applicable to any Executive Directors, the Company Secretary and Senior Executives. The Committee's Charter is available on the Company's website.

The Remuneration Committee consists of three non-executive Directors, one of whom is independent. The members of the remuneration committee were:

- Lev Mizikovsky (Chairman)
- Rade Dudurovic
- Robert Lynch

The Remuneration Committee did not meet during the year.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2014

	Note	2014 $'000s	2013 $'000s
Revenue	3	**81,076**	95,086
Other income	3	**10**	-
Recoupment of misappropriated funds		**-**	534
Changes in inventories of finished goods and work in progress		**(581)**	(6,199)
Labour, raw materials and consumables used		**(62,505)**	(71,681)
Employee benefits expense		**(4,911)**	(4,319)
Depreciation expense	12	**(203)**	(212)
Advertising		**(1,595)**	(1,733)
Consultancy		**(1,843)**	(1,359)
Other expenses		**(2,152)**	(2,391)
Finance costs		**(3)**	(63)
Profit before income tax		**7,293**	7,663
Income tax expense	6	**(2,225)**	(2,550)
Profit for the year		**5,068**	5,113
Other comprehensive income			
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**5,068**	5,113
Profit attributable to:			
Members of the parent entity		**5,051**	4,970
Non-controlling interest		**17**	143
		5,068	5,113
Total comprehensive income attributable to:			
Members of the parent entity		**5,051**	4,970
Non-controlling interest		**17**	143
		5,068	5,113
Earnings per share			
Basic earnings per share (cents)	29	**19.76**	19.44
Diluted earnings per share (cents)	29	**19.76**	19.44

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

Consolidated Statement of Financial Position
As At 30 June 2014

	Note	2014 $'000s	2013 $'000s
ASSETS			
Current Assets			
Cash and cash equivalents	8	**5,634**	4,732
Trade and other receivables	9	**2,774**	4,885
Inventories	10	**7,803**	8,384
Other assets	11	**19**	49
Total Current Assets		**16,230**	18,050
Non-Current Assets			
Property, plant and equipment	12	**579**	520
Deferred tax assets	16	**692**	377
Total Non-Current Assets		**1,271**	897
TOTAL ASSETS		**17,501**	18,947
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**6,067**	7,429
Provisions	14	**404**	259
Current tax liabilities	16	**246**	1,245
Other liabilities	15	**82**	-
Total Current Liabilities		**6,799**	8,933
Non-Current Liabilities			
Provisions	14	**237**	285
Deferred tax liabilities	16	**2,234**	1,208
Total Non-Current Liabilities		**2,471**	1,493
TOTAL LIABILITIES		**9,270**	10,426
NET ASSETS		**8,231**	8,521
EQUITY			
Issued capital	17	**407**	407
Reserves	18	**(5)**	-
Retained earnings		**7,568**	7,885
Total equity attributable to equity holders of Tamawood Limited		**7,970**	8,292
Non-controlling interest		**261**	229
TOTAL EQUITY		**8,231**	8,521

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

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2014

2014

	Note	Ordinary Shares $'000s	Retained Earnings $'000s	General Reserves (Note 18) $'000s	Total $'000s	Non-controlling Interests $'000s	Total $'000s
Balance at 1 July 2013		407	7,885	-	8,292	229	8,521
Comprehensive income for the year							
Profit for the year		-	5,051	-	5,051	17	5,068
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	5,051	-	5,051	17	5,068
Transactions with owners in their capacity as owners							
Transactions with non-controlling interests	19(d)	-	-	(5)	(5)	15	10
Dividends paid	7	-	(5,368)	-	(5,368)	-	(5,368)
Total transactions with owners in their capacity as owners		-	(5,368)	(5)	(5,373)	15	(5,358)
Balance at 30 June 2014		407	7,568	(5)	7,970	261	8,231

2013

	Note	Ordinary Shares $'000s	Retained Earnings $'000s	General Reserves $'000s	Total $'000s	Non-controlling Interests $'000s	Total $'000s
Balance at 1 July 2012		407	8,283	-	8,690	222	8,912
Comprehensive income for the year							
Profit for the year		-	4,970	-	4,970	143	5,113
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	4,970	-	4,970	143	5,113
Transactions with owners in their capacity as owners							
Shares issued during the year		-	-	-	-	81	81
Shares bought back during the year		-	-	-	-	(17)	(17)
Dividends paid	7	-	(5,368)	-	(5,368)	(200)	(5,568)
Total transactions with owners in their capacity as owners		-	(5,368)	-	(5,368)	(136)	(5,504)
Balance at 30 June 2013		407	7,885	-	8,292	229	8,521

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

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2014

	Note	2014 $'000s	2013 $'000s
Cash flows from operating activities			
Receipts from customers (including GST)		**93,586**	113,754
Payments to suppliers and employees (including GST)		**(84,795)**	(103,890)
Funds misappropriated during the financial year		**-**	(577)
Insurance recovery of misappropriated funds		**-**	2,337
Interest received		**197**	108
Interest paid		**(3)**	(63)
Income tax paid		**(2,513)**	(2,844)
Net cash from operating activities	24	**6,472**	8,825
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**43**	71
Proceeds from disposal of interest in subsidiary	19(d)	**10**	-
Payments for property, plant and equipment		**(295)**	(247)
Loans to related parties - payments made		**-**	(40)
Loans to related parties - proceeds from repayments		**40**	-
Net cash used by investing activities		**(202)**	(216)
Cash flows from financing activities			
Proceeds from issue of shares by controlled entities to non-controlling interests		**-**	67
Dividends paid by parent entity	7	**(5,368)**	(5,368)
Dividends paid by controlled entities to non-controlling interests		**-**	(200)
Shares bought back by controlled entities from non-controlling interests		**-**	(17)
Net cash used by financing activities		**(5,368)**	(5,518)
Net increase (decrease) in cash and cash equivalents		**902**	3,091
Cash and cash equivalents at beginning of year		**4,732**	1,641
Cash and cash equivalents at end of financial year	8	**5,634**	4,732

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

Notes to the Financial Statements
For the Year Ended 30 June 2014

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

The financial statements were authorised for issue by the Board of Directors on 27 August 2014.

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

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

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

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

Rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 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.

1 Summary of Significant Accounting Policies (continued)

(b) Principles of Consolidation (continued)

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 19 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 20 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.

1 Summary of Significant Accounting Policies (continued)

(c) Income Tax (continued)

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

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

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

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

Tax consolidated group

Tamawood Limited is the head entity for the income tax consolidation group. Each entity in the Group recognises its own current and deferred tax amounts which are measured using the "stand-alone" taxpayer approach for allocation. Current and deferred tax assets resulting from unused tax losses and tax credits are immediately assumed by the parent entity. The current tax liability of each Group entity is also subsequently 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 a tax sharing and funding arrangement.

Under the terms of this arrangement, the wholly-owned entities reimburse Tamawood for any current income tax payable by Tamawood arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due. 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.

(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.

1 Summary of Significant Accounting Policies (continued)

(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) Construction Contracts and Work in Progress for Contract Customers

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

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

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

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

(ii) Ready-to-Occupy Homes

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) Renewable Energy Certificates

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

Notes to the Financial Statements
For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (continued)

(f) Property, Plant and Equipment

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

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

Plant and equipment

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

Depreciation

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

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

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

Fixed asset class	Depreciation rate
Motor Vehicles	6 - 8 years
Office Furniture and Equipment	2 - 13 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.

(g) Impairment of non-financial assets

At the end of each reporting period, the Group determines whether there is any evidence of an impairment indicator for assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

1 Summary of Significant Accounting Policies (continued)

(h) Financial instruments

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

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

Financial Assets

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

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

Loans and receivables

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

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

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

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

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

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

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

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

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

1 Summary of Significant Accounting Policies (continued)

(h) Financial instruments (continued)

Financial liabilities

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

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

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

Impairment of financial assets

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

Financial assets at amortised cost

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

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

(i) 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.

(j) 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.

1 Summary of Significant Accounting Policies (continued)

(k) 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.

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.

(l) 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.

(m) 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.

(n) Leases

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

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

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

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

1 Summary of Significant Accounting Policies (continued)

(o) Revenue and other income

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

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

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

Building and construction

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

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

Ready-to-Occupy

Revenue from Ready-to-Occupy Homes is not recognised until the date of unconditional contract.

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.

(p) Research and development

Research costs are charged against profit or loss as incurred.

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

1 Summary of Significant Accounting Policies (continued)

(q) 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 are included 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.

(r) Foreign currency transactions and balances

Functional and presentation currency

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

Transaction and balances

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

At the end of the reporting period:

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

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

(s) Critical accounting estimates and judgments

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

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

1 Summary of Significant Accounting Policies (continued)

(s) Critical accounting estimates and judgments (continued)

Key estimates - inventories

As discussed in Note 1(e) the Group values its inventory at the lower of cost and net realisable value. Net realisable value for Ready-to-Occupy Homes under construction is determined on the basis of sales of each Ready-to-Occupy Home in the ordinary course of business. Estimated costs of selling are deducted in establishing the net realisable value. Estimated selling price is derived from publicly available market data and historical experience, and listed selling prices of similar properties in the nearby area, while estimated costs of completion and selling costs are derived from contract construction pricing and historical experience. Should the net realisable value be below cost, the carrying amount of inventory is written down to the net realisable value.

Estimates used in the calculation of net realisable value and cost will, by definition, seldom equal the actual related results at transaction date. At balance date the carrying amount of Ready-to-Occupy Homes, based on cost, was $Nil (2013: $772,000). At the end of the 2013 year, based on selling prices for comparable properties in the nearby areas, there was no impairment required to be recognised.

The key management personnel have advised the Board that net realisable value of the lots is expected to be equal to or greater than carrying value. This view was formed after reviewing prices for comparable houses, recent sales evidence and discussions with real estate agents. The Board supports this view given the majority of housing lots were purchases at "distressed" prices and construction will be undertaken by Dixonbuild Pty Ltd, a wholly-owned subsidiary of Tamawood Limited.

Key estimates - construction work in progress

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

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

1 Summary of Significant Accounting Policies (continued)

(t) Change in accounting policy

Following a recent decision in the Queensland Civil and Administrative Tribunal ('QCAT') during the current year, the Group changed its accounting policy relating to Preliminary Expenses for houses prior to contracts becoming unconditional. The QCAT decision creates the opportunity for Preliminary Expenses to be recovered from customers from an earlier point, prior to the commencement of the construction process, and hence the Group's accounting policies were revised to reflect the decision. Job costs will be capitalised earlier than during previous periods.

The aggregate effect of the change in accounting policy on the annual financial statements for the year ended 30 June 2014 is an increase of revenue recognised for the year of $476,707 (no taxation effect results from these changes). This was calculated on actual jobs at 30 June 2014. The Directors do not consider the impact on the prior period's earnings to be material, therefore there has been no restatement of the prior period's results.

(u) Adoption of new and revised accounting standards

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

- AASB 10 *Consolidated Financial Statements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investment in Associates and Joint Ventures*
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*
- AASB 2012-9 *Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039*
- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 10 *Consolidated Financial Statements* is effective for annual reporting periods beginning on or after 1 January 2013 and therefore the Group has applied it for the first time in these financial statements. AASB 10 includes a new definition of control, including additional guidance for specific situations such as control in a principal / agent situation and when holding less than majority voting rights may give control. AASB 10 supersedes the previous requirements of AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation - Special Purpose Entities* and resulted in consequential amendments to a number of other standards.

Notes to the Financial Statements
For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (continued)

(u) Adoption of new and revised accounting standards (continued)

The Group has reviewed its investment in other entities to determine whether any changes were required to the consolidated entity under AASB 10. The composition of the consolidated entity is the same under AASB 10 and therefore there is no change to the reported financial position and performance.

AASB 12 *Disclosure of Interests in Other Entities* includes all disclosures relating to an entity's interest in associates, joint arrangements, subsidiaries and structured entities. On adoption of AASB 12, additional disclosures have been included in the financial statements in relation to investments held.

AASB 13 *Fair Value Measurement* does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. As the Group does not measure any assets or liabilities at fair value, AASB 13 has not changed the measurement basis for any assets or liabilities.

AASB 119 *Employee benefits* changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

The Group reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period. Whilst this has been considered to be a long-term employee benefits for the purpose of measuring the leave under AASB 119, the effect of discounting was not considered to be material and therefore has not been performed.

(v) New Accounting Standards and Interpretations

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

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	30 June 2019	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value.	The entity has not yet determined the magnitude of any changes which may be needed.
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	30 June 2015	This standard adds application guidance to AASB 132 to assist with applying some of the offset criteria of the standard.	There will be no impact to the entity as there are no offsetting arrangements currently in place.

2 Parent entity

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

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

Investments in subsidiaries and associates

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

	2014	2013
	$'000s	$'000s
Statement of Financial Position		
Assets		
Current assets	**1,388**	629
Non-current assets	**7,895**	7,623
Total Assets	**9,283**	8,252
Liabilities		
Current liabilities	**306**	-
Non-current liabilities	**8,188**	7,514
Total Liabilities	**8,494**	7,514
Equity		
Issued capital	**407**	407
Retained earnings	**382**	331
Total Equity	**789**	738
Statement of Profit or Loss and Other Comprehensive Income		
Profit for the year	**5,418**	2,612
Total comprehensive income	**5,418**	2,612

Guarantees

The parent entity did not have any guarantees as at 30 June 2014 or 30 June 2013 except as detailed in Note 22.

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013.

Contractual commitments

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2014 or 30 June 2013.

3 Revenue and Other Income

Revenue from continuing operations

	Note	2014 $'000s	2013 $'000s
Sales revenue			
- Construction contract revenue	(a)	**65,477**	67,365
- Ready-to-Occupy homes	(b)	**926**	6,982
- Renewable energy certificates		**12,251**	18,664
- Franchise revenue		**1,377**	1,598
Other revenue			
- Interest revenue		**197**	108
- Other items		**728**	369
- Profit on disposal of NSW development land		**120**	-
Total Revenue		**81,076**	95,086

Other Income

		2014 $'000s	2013 $'000s
Other Income			
- Net gain on disposal of property, plant and equipment		**10**	-
Total other income		**10**	-

(a) Construction contract revenue

Construction contract revenue includes $65.5m (2013: $67.4m) of revenue recognised for residential construction which are accounted for as agreements for the sale of goods on a continuous basis using the percentage of completion method.

(b) Ready-to-Occupy

Included in 'Ready-to-Occupy' revenues of $0.9m (2013: $6.9m) is an amount of $0.6m (2013: $3.6m) for the sale of 'Ready-to-Occupy' homes to interests associated with Mr Lev Mizikovsky. Refer to Note 26 for further details.

4 Expenses

The result for the year includes the following specific expenses:

	2014 $'000s	2013 $'000s
Defined contribution plan expenses	**355**	317
Bad and doubtful debts - trade receivables	**64**	-
Net loss on disposal of property, plant and equipment	**-**	19
Rental expense on operating leases		
- minimum lease payments	**526**	465

5 Remuneration of Auditors

	Note	2014 $	2013 $
Remuneration of the auditor of the parent entity, Grant Thornton Audit Pty Ltd (including related entities), for:			
- auditing or reviewing the financial report		**87,500**	-
		87,500	-
Remuneration of the previous auditor of the parent entity, BDO Audit Pty Ltd (including related entities), for:			
- auditing or reviewing the financial report		**77,067**	142,600
- taxation services		**22,908**	45,438
- other services	(a)	**14,412**	117,228
		114,387	305,266

(a) Other services

Fees for other services are comprised of general accounting services relating to Queensland Building and Construction Commission audits, investigation of fraud (2013 year only) and other general accounting advice.

6 Income Tax Expense

(a) Components of tax expense

	2014 $'000s	2013 $'000s
Current tax expense		
Current income tax	**1,344**	3,030
Adjustments in respect of current income tax of previous years	**180**	207
Deferred tax expense		
Relating to origination and reversal of temporary differences	**711**	(687)
Recoupment of prior year tax losses	**(10)**	-
	2,225	2,550

(b) Reconciliation of income tax to accounting profit

	2014 $'000s	2013 $'000s
Profit before income tax from continuing operations	**7,293**	7,663
Prima facie income tax expense at the statutory income tax rate of 30% (2013: 30%)	**2,188**	2,299
The following items have affected income tax expense for the period:		
Tax effect of:		
- adjustments in respect of current income tax of previous years	**94**	207
- permanent differences	**(36)**	-
- other items	**(11)**	44
Less:		
Tax effect of:		
Recoupment of prior year tax losses not previously brought to account	**(10)**	-
	2,225	2,550

7 Dividends

Dividends paid

	2014 $'000s	2013 $'000s
The following dividends were declared and paid:		
Final dividend of 13 cents (fully franked at 30%) per fully paid share paid 4 December 2013	**3,323**	-
Interim dividend of 8 cents (fully franked at 30%) per fully paid share paid 3 June 2014	**2,045**	-
Final dividend of 13 cents (fully franked at 30%) per fully paid share paid 3 December 2012	**-**	3,323
Interim dividend of 8 cents (fully franked at 30%) per fully paid share paid 5 June 2013	**-**	2,045
Total	**5,368**	5,368

Total dividends per share

	2014 Cents	2013 Cents
Total dividends per share declared and paid	**21.00**	21.00

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

Proposed dividends

	2014 $'000s	2013 $'000s
Proposed final fully franked ordinary dividend of 13 cents per share (2013: 13 cents per share).	**3,323**	3,323

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

7 Dividends (continued)

Franking account

	2014 $'000s	2013 $'000s
Balance of franking account at year end	**1,831**	1,660
Adjusted for franking credits arising from:		
Payment of provision for income tax	**277**	1,245
The franking credits available for subsequent financial years at a tax rate of 30%	**2,108**	2,905

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 impact on the franking credit of the dividends proposed after the end of the reporting period is to reduce it by $1.424m (2013: $ 1.424m).

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

8 Cash and cash equivalents

	2014 $'000s	2013 $'000s
Cash at bank and on hand	**4,634**	4,732
Short-term bank deposits	**1,000**	-
	5,634	4,732

Reconciliation of cash

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

	2014 $'000s	2013 $'000s
Cash and cash equivalents	**5,634**	4,732
Balance as per consolidated statement of cash flows	**5,634**	4,732

9 Trade and other receivables

	Note	2014 $'000s	2013 $'000s
CURRENT			
Trade receivables		**609**	1,368
Construction contract progress bills receivable		**2,127**	3,514
Provision for impairment	9(a)	**(104)**	(40)
Related party receivables	26(b)	**-**	40
Other receivables		**142**	3
Total current trade and other receivables		**2,774**	4,885

(a) Impairment of receivables

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

	2014 $'000s	2013 $'000s
Balance at beginning of the year	**40**	40
Additional impairment loss recognised	**64**	-
Balance at end of the year	**104**	40

(b) Aged analysis

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

	2014 $'000s	2013 $'000s
0-30 days	**2,139**	4,048
31-60 days	**282**	546
61-90 days (past due not impaired)	**126**	27
91+ days (past due not impaired)	**85**	221
91+ days (considered impaired)	**104**	40
	2,736	4,882

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

10 Inventories

	Note	2014 $'000s	2013 $'000s
CURRENT			
At cost:			
Construction Work in Progress			
- Construction work in progress	10(a)	**7,273**	4,025
Other inventories			
- Finished goods		**-**	201
- Provision for obsolete stock		**-**	(201)
- Renewable energy certificates		**412**	1,735
Ready-to-Occupy Homes			
- Completed		**-**	499
- Land		**-**	273
New South Wales developments			
- Land		**118**	1,852
		7,803	8,384

Write downs of inventories to net realisable value during the year were $ NIL (2013: $ NIL).

(a) Construction Contracts

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

	2014 $'000s	2013 $'000s
Contract costs incurred plus recognised profits	**30,735**	26,192
Less: Progress claims	**(23,462)**	(22,167)
	7,273	4,025

11 Other assets

	2014 $'000s	2013 $'000s
CURRENT		
Prepayments and other deposits	**19**	49
	19	49

12 Property, plant and equipment

	2014 $'000s	2013 $'000s
Motor vehicles		
At cost	**757**	637
Accumulated depreciation	**(343)**	(271)
Total motor vehicles	**414**	366
Office furniture & equipment		
At cost	**413**	304
Accumulated depreciation	**(248)**	(150)
Total office equipment	**165**	154
Total property, plant and equipment	**579**	520

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

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

Consolidated	Motor Vehicles $'000s	Office Equipment $'000s	Total $'000s
Year ended 30 June 2014			
Balance at the beginning of year	**366**	**154**	**520**
Additions	**183**	**112**	**295**
Disposals - written down value	**(33)**	**-**	**(33)**
Depreciation expense	**(102)**	**(101)**	**(203)**
Balance at the end of the year	**414**	**165**	**579**
Year ended 30 June 2013			
Balance at the beginning of year	384	190	574
Additions	129	118	247
Disposals - written down value	(49)	(40)	(89)
Depreciation expense	(98)	(114)	(212)
Balance at the end of the year	366	154	520

13 Trade and other payables

	2014 $'000s	2013 $'000s
CURRENT		
Unsecured liabilities		
Trade and other payables	**6,067**	7,429
	6,067	7,429

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

14 Provisions

	2014 $'000s	2013 $'000s
CURRENT		
Employee benefits	**394**	249
Other	**10**	10
	404	259
NON-CURRENT		
Warranties	**150**	250
Employee benefits	**87**	35
	237	285

	Warranties $'000s	Employee Benefits $'000s	Other $'000s	Total $'000s
Opening balance at 1 July 2013	**250**	**284**	**10**	**544**
Additional provisions	**-**	**209**	**-**	**209**
Provisions used	**(100)**	**(12)**	**-**	**(112)**
Balance at 30 June 2014	**150**	**481**	**10**	**641**

Provision for Warranties

A provision of $150,000 at 30 June 2014 (2013: $250,000) 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 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(k) for the relevant accounting policy and a discussion of the estimations and assumptions applied in the measurement of this provision.

14 Provisions (continued)

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(j).

15 Other liabilities

	2014 $'000s	2013 $'000s
CURRENT		
Unearned income	**82**	-
	82	-

16 Tax

(a) Current tax liabilities

	2014 $'000s	2013 $'000s
Income tax payable	**246**	1,245
	246	1,245

(b) Recognised deferred tax assets and liabilities

	Note	2014 $'000s	2013 $'000s
Deferred tax assets	16(c)	**692**	377
		692	377
Deferred tax liabilities	16(d)	**2,234**	1,208
		2,234	1,208

16 Tax (continued)

(c) Deferred tax assets

	Opening Balance $'000s	Charged to Income $'000s	Closing Balance $'000s
Deferred tax assets			
Provisions	147	-	147
Employee benefits	116	(21)	95
Accrued expenses	22	(15)	7
Plant and equipment	34	(25)	9
Other	81	38	119
Balance at 30 June 2013	400	(23)	377
Provisions	**147**	**(68)**	**79**
Employee benefits	**95**	**49**	**144**
Accrued expenses	**7**	**10**	**17**
Deferred tax assets attributable to tax losses	**-**	**241**	**241**
Plant and equipment	**9**	**(2)**	**7**
Other	**119**	**85**	**204**
Balance at 30 June 2014	**377**	**315**	**692**

(d) Deferred tax liability

	Opening Balance $'000s	Charged to Income $'000s	Closing Balance $'000s
Deferred tax liability			
Work in progress	1,918	(710)	1,208
Balance at 30 June 2013	1,918	(710)	1,208
Work in progress	**1,208**	**983**	**2,191**
Accrued income	**-**	**43**	**43**
Balance at 30 June 2014	**1,208**	**1,026**	**2,234**

17 Issued Capital

	2014 $'000s	2013 $'000s
25,559,611 (2013: 25,559,611) Ordinary shares fully paid	**407**	407
	407	407

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

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

(a) Movement in ordinary shares

	2014 $'000s	2013 $'000s
At the beginning of the reporting period	**407**	407
At the end of the reporting period	**407**	407

	2014 No.	2013 No.
At the beginning of the reporting period	**25,559,611**	25,559,611
At the end of the reporting period	**25,559,611**	25,559,611

(b) Capital Management

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

The Group is required to maintain a current ratio of 1:1 under its licensing conditions with the Queensland Building and Construction Commission.

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

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

(c) Dividend Re-investment Plan

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

18 Reserves

	Note	2014 $'000s	2013 $'000s
Transactions with Non-Controlling Interest (NCI) reserve			
Transactions with NCI - Dixon NSW Pty Ltd	19(d)	**(5)**	-
		(5)	-

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

19 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2014	Percentage Owned (%)* 2013
Subsidiaries:			
Affordable Homebuilding Solutions Pty Ltd [4]	Brisbane, Australia	**100**	100
Dixon Build Pty Ltd	Brisbane, Australia	**100**	100
Dixon NSW Pty Ltd [1]	Sydney, Australia	**75**	77.5
Dixon Projects Pty Ltd	Brisbane, Australia	**100**	100
DixonRes Pty Ltd	Brisbane, Australia	**100**	100
DixonSeq Pty Ltd	Brisbane, Australia	**100**	100
Dixon Systems Pty Ltd	Brisbane, Australia	**100**	100
High Level Marketing Pty Ltd	Brisbane, Australia	**100**	100
SolarpowerRex Pty Ltd	Brisbane, Australia	**70**	70
SolarRex Limited [2]	Brisbane, Australia	**70**	70
Tamawood Commercial Property Pty Ltd	Brisbane, Australia	**100**	100
Tamawood Finance Pty Ltd	Brisbane, Australia	**100**	100
Tamawood Research & Development Pty Ltd [3]	Brisbane, Australia	**-**	100
Tamawood SEQ Franchise Pty Ltd [4]	Brisbane, Australia	**100**	100
Tamawood Services Pty Ltd	Brisbane, Australia	**100**	100
Tamawood Share Scheme Pty Ltd	Brisbane, Australia	**100**	100

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

[1] Dixon NSW Pty Ltd

Dixon NSW Pty Ltd was incorporated on 25 October 2012 with Tamawood Limited controlling 77.5% of the company. On 30 June 2014, Tamawood Limited divested 2.5% (7,500 shares) of its 77.5% interest in Dixon NSW Pty Ltd. Refer to Note 19(d) below for further details.

The remaining shares are owned by the Chairman of Tamawood Limited, Mr Robert Lynch (7.5%), and the General Manager and Director of Dixon NSW Pty Ltd, Mr Paul Hogan (17.5%).

19 Interests in Subsidiaries (continued)

(a) Composition of the Group (continued)

[2] SolarRex Limited

SolarRex Limited ('SolarRex') is an unlisted public company which owns 100% of the issued capital of SolarpowerRex Pty Ltd.

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

[3] Tamawood Research & Development Pty Ltd

On 30 April 2014, the Group divested its equity interest in the subsidiary Tamawood Research & Development Pty Ltd ('Tamawood R & D') by way of an in-specie transfer to Resiweb Limited ('Resiweb') in exchange for 12,773,403 shares in Resiweb (19.44% of Resiweb's issued shares). There was no value placed on the Tamawood R & D shares.

Resiweb is an associate of the Group. Refer to Note 20 for further details.

[4] Subsequent events - deregistration

Subsequent to 30 June 2014, the Group wound up and deregistered Affordable Homebuilding Solutions Pty Ltd and Tamawood SEQ Franchise Pty Ltd.

(b) Significant restrictions relating to subsidiaries

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

(c) Non-controlling interests

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

19 Interests in Subsidiaries (continued)

(d) Transactions with non-controlling interests

Disposal of ownership interest

On 30 June 2014, Tamawood Limited (the parent) disposed of 7,500 shares (2.5% of the outstanding shares) of its investment in Dixon NSW Pty Ltd for cash consideration of $10,000 to the Chairman of Tamawood Limited, Mr Robert Lynch. Control was maintained and therefore the Group structure did not change, although the non-controlling interest increased.

This transaction will be put to Tamawood Limited's 2014 Annual General Meeting for ratification.

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

	2014 $'000s
Consideration received	**10**
Less: Increase in net assets attributable to Non-controlling Interest	**(15)**
Increase / (decrease) in parent entity equity	**(5)**

The decrease to parent equity is recorded in the Transactions with Non-controlling Interest reserve as detailed at note 18.

20 Interests in Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2014	Percentage Owned (%)* 2013
Associates:			
Resiweb Limited	Brisbane, Australia	**19.44**	-

*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.

Resiweb Limited

Resiweb Limited is a public company that develops software systems including back-office and client interface processes to support small home builders. The Group's interest in the company represents a strategic investment. During the year, Resiweb Limited issued 12,773,403 shares in the company to Tamawood Limited as consideration for the acquisition of Tamawood Research and Development Pty Ltd from Tamawood Limited.

Aggregate information for associates that are not individually material

The Group's interest in Resiweb Limited is not considered to be individually material. The table below summarises, the financial information of the individually immaterial associate.

	2014 $'000s	2013 $'000s
Carrying amount of investments in associates	**-**	-
Share of those associates:		
Profit from continuing operations	**-**	-
Post-tax profit from discontinued operations	**-**	-
Other comprehensive income	**-**	-
Total comprehensive income	**-**	-

No dividends were received from Resiweb Limited during the year.

21 Capital and Leasing Commitments

(a) Operating Leases

	2014 $'000s	2013 $'000s
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**596**	463
- later than one year but not later than five years	**456**	851
	1,052	1,314

Operating lease commitments are comprised of various leases for office premises. The leases are non-cancellable with varying terms of between three and five years. One of the leases includes three additional options to extend the term, each option being a further three-year term. Provisions within the lease agreements require that minimum lease payments be increased by the change in consumer price index (CPI) on an annual basis.

(b) Other Commitments

The Group had no other significant capital expenditure or lease commitments at 30 June 2014 (30 June 2013: None).

22 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2014 (30 June 2013: None) except as follows:

The Group is currently defending an outstanding claim for costs of $250,000. The claim is being vigorously defended by the Group and the Directors believe they will be successful and no amount will be payable.

Tamawood Limited has entered into a Deed of Guarantee and Indemnity for the performance of the subsidiary, SolarpowerRex Pty Ltd's obligation under a Small Scale Technology Certificate Fixed Volume agreement. This agreement is due to expire in December 2014.

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.

23 Operating Segments

Segment information

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

Description of segments

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

- **Construction QLD**

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

- **Construction NSW**

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

- **Ready-to-Occupy**

The 'Ready-to-Occupy' housing program was an opportunistic venture. During the 2014 financial year, all 'Ready-to-Occupy' inventories were sold through sales to third parties and to interests associated with Mr Lev Mizikovsky. The Board does not regard 'Ready-to-Occupy' housing as part of the Group's core business. Unless the same opportunity arises in respect of distressed land sales, the Board does not anticipate the Group will undertake a similar venture in the foreseeable future;

- **Franchises**

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

- **Renewable Energy**

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

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

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

(b) Inter-segment transactions

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

23 Operating Segments (continued)

(c) Segment assets

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

(d) Segment liabilities

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

(e) Unallocated items

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

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

(f) Geographical information

The consolidated entity only operates within Australia and New Zealand.

(g) Major customers

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

23 Operating Segments (continued)

(h) Segment performance

	Construction QLD		Construction NSW		Ready-to-Occupy		Franchises		Renewable Energy		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
REVENUE												
Revenue from external customers	**63,138**	67,381	**2,565**	10	**1,341**	7,048	**1,383**	1,625	**12,394**	18,663	**80,821**	94,727
Inter-segment revenue	**-**	139	**-**	-	**-**	-	**1,442**	1,495	**-**	-	**1,442**	1,634
Interest revenue	**90**	73	**9**	-	**27**	-	**6**	7	**7**	1	**139**	81
Total segment revenue	**63,228**	67,593	**2,574**	10	**1,368**	7,048	**2,831**	3,127	**12,401**	18,664	**82,402**	96,442
Net profit/(loss) before tax	**5,816**	5,815	**161**	(26)	**655**	792	**956**	1,127	**383**	564	**7,971**	8,272
Depreciation and amortisation	**98**	101	**10**	1	**-**	1	**81**	94	**3**	4	**192**	201
Segment assets	**19,616**	19,076	**1,499**	2,257	**492**	840	**2,244**	2,062	**1,593**	2,196	**25,444**	26,431
Segment liabilities	**7,632**	8,006	**1,106**	1,975	**2,260**	2,605	**145**	823	**1,386**	1,986	**12,529**	15,395

	2014	2013
	$'000s	$'000s
Construction NSW - profit/(loss) before tax attributable to:		
- Members of the parent entity	**125**	(20)
- Non-controlling interests	**36**	(6)
Renewable Energy - profit/(loss) before tax attributable to:		
- Members of the parent entity	**268**	369
- Non-controlling interests	**115**	195

23 Operating Segments (continued)

(i) Reconciliations

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

	2014	2013
	$'000s	$'000s
Total segment revenue	**82,402**	96,442
Intersegment eliminations	**(1,442)**	(1,634)
Other revenue not included in segments	**116**	278
Total revenue	**81,076**	95,086

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

	2014	2013
Segment net profit before income tax	**7,971**	8,272
Unallocated amounts not included segment results	**(678)**	(884)
(Elimination) / Recognition of profit on consolidation	**-**	275
Total net profit before tax	**7,293**	7,663

Reconciliation of segment assets to the consolidated statement of financial position

	2014	2013
Segment assets	**25,444**	26,431
Intersegment eliminations	**(9,413)**	(7,830)
Other unallocated assets		
- Cash and cash equivalents	**1,160**	219
- Trade and other receivables	**-**	101
- Property, plant and equipment	**68**	15
- Deferred tax assets	**243**	7
- Other amounts	**(1)**	4
Total assets per the consolidated statement of financial position	**17,501**	18,947

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

	2014	2013
Segment liabilities	**12,529**	15,395
Intersegment eliminations	**(3,570)**	(3,278)
Other unallocated liabilities		
- Current tax liabilities	**277**	(1,686)
- Other amounts	**34**	(5)
Total liabilities per the consolidated statement of financial position	**9,270**	10,426

Notes to the Financial Statements
For the Year Ended 30 June 2014

24 Cash Flow Information

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

	Note	2014 $'000s	2013 $'000s
Profit after income tax for the year		**5,068**	5,113
Adjustments for non-cash items in profit:			
- depreciation		**203**	212
- net (gain)/loss on disposal of property, plant and equipment		**(10)**	19
- Other		**-**	13
Net changes in assets and liabilities:			
- (increase)/decrease in trade and other receivables		**2,071**	1,579
- (increase)/decrease in other assets		**30**	205
- (increase)/decrease in inventories		**581**	6,198
- (increase)/decrease in deferred tax receivable		**(315)**	24
- increase/(decrease) in trade and other payables		**(1,362)**	(3,884)
- increase/(decrease) in income taxes payable		**(999)**	163
- increase/(decrease) in deferred tax liabilities		**1,026**	(711)
- increase/(decrease) in provisions		**97**	(106)
- increase/(decrease) in other liabilities		**82**	-
Net cash from operating activities		**6,472**	8,825

25 Key Management Personnel Disclosures

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

	2014 $	2013 $
Short-term employee benefits	**1,112,726**	837,852
Long-term benefits	**3,164**	5,018
Post-employment benefits	**70,693**	72,161
Termination benefits	**-**	-
Share-based payments	**-**	4,200
	1,186,583	919,231

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 2014.

26 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 its controlled entities ('AstiVita') 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. 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 25 and the remuneration report in the Directors' Report.

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

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

The Group's only associate is Resiweb Limited as detailed in Note 20.

(b) Transactions with related parties

Sale of properties - Mr Lev Mizikovsky

During the year, the Group sold one Ready-to-Occupy home and two vacant lots (2013: 12 Ready-to-Occupy homes) to Mizikovsky as approved by the shareholders at the 2011 and 2012 AGMs. The total funds received for these properties was $632,200 (2013: $3,586,364) exclusive of GST.

Chesterton Valuations (Qld) Pty Ltd trading as Chesterton Corporate Property Advisers ('CCPA') provided a written valuation of the fair market value for each of the properties that would potentially be sold to Mizikovsky. On the basis of this valuation report PKF Corporate Advisory (East Coast) Pty Limited ('PKFCA') provided an independent expert's report which concluded that the purchase of the properties by Mizikovsky at fair market value as reported by CCPA was fair and reasonable to all shareholders.

The property assets were sold to Mizikovsky at their fair market value, which is the value as assessed in the valuation report prepared by CCPA. Accordingly, the terms on which the properties were sold were no more favourable to Mizikovsky than would be reasonable in the circumstances if the Company and Mizikovsky were dealing at arms length. Further, the terms of the sale have been been approved by shareholders of the Company and deemed fair and reasonable by PKFCA for the reasons set out in the independent experts report.

26 Related Party Transactions (continued)

(b) Transactions with related parties (continued)

(i) Sale of goods and services

	Note	2014 $	2013 $
Key management personnel:			
Mr L Mizikovsky - Non-executive Director			
- Sale of one (2013: 12) Ready-to-Occupy home and two vacant lots of land (2013: nil) in Queensland from Tamawood Commercial Property Pty Ltd[1]		**632,200**	3,586,364
- 20 (2013: 21) ongoing construction contracts with an average price of $105,590 per contract with Dixonbuild Pty Ltd.		**975,781**	1,458,583
- Sales to an entity controlled by Mr L Mizikovsky - construction materials		**110,475**	-
- Sales to an entity controlled by Mr L Mizikovsky - insurances		**15,530**	-
- Sales to an entity controlled by Mr L Mizikovsky - advertising and office supplies		**7,688**	19,315
AstiVita Limited			
- Sales to AstiVita for advertising, IT and administration services		**26,090**	492,061
Mr R Lynch - Non-executive Director			
- Sale of 7,500 shares in Dixon NSW Pty Ltd [5]	19(d)	**10,000**	-
- Construction contract with a price of $261,077 was entered into with Dixonbuild Pty Ltd. Construction did not commence until subsequent to year end.		**-**	-
Mr A Thomas - Non-executive Director			
- Franchise fees to Dixon Systems Pty Ltd		**303,111**	364,803
- Insurance fees charged by Dixonbuild Pty Ltd		**8,336**	-

26 Related Party Transactions (continued)

(b) Transactions with related parties (continued)

(ii) Purchase of goods and services

	2014 $	2013 $
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Lease of premises from an entity controlled by Mr L Mizikovsky	**299,954**	264,558
- Purchase of motor vehicle [3]	**31,818**	-
AstiVita Limited		
- Purchase of materials including bathroom, kitchen and solar products	**1,244,840**	70,929
Mr R Lynch - Non-executive Director		
- Lease of property at Schofield NSW	**5,504**	-
Mr A Thomas - Non-executive Director		
- Purchase of renewable energy certificates from an entity controlled by Mr A Thomas	**25,535**	101,340
Mr R Dudurovic - Non-executive Director		
- Provision of management services to SolarRex Limited	**19,740**	-
Mr G Acton - Joint Company Secretary		
- Provision of management services to SolarRex Limited	**98,700**	-
- Provision of consulting, secretarial and payroll services to subsidiaries within the Group	**81,810**	-
Associates:		
Resiweb Limited [2]		
- Computer support services provided to the Group	**666,048**	721,576

26 Related Party Transactions (continued)

(b) Transactions with related parties (continued)

(iii) Outstanding balances

	2014 $	2013 $
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Amounts receivable from building contracts with Dixonbuild Pty Ltd [4]	**8,606**	769,220
- Work in progress inventory balance attributable to one (2013: 20) construction contract in progress at year end	**27,056**	297,100
AstiVita Limited		
- Amounts receivable for sales	**14,400**	-
- Amounts payable for purchases from Dixonbuild Pty Ltd and Dixon Systems Pty Ltd	**10,064**	-
Mr A Thomas - Non-executive Director		
- Amounts receivable by Dixon Systems Pty Ltd for franchise fees	**131,482**	18,615
- Amounts receivable by SolarpowerRex Pty Ltd for generation of renewable energy certificates	**-**	142
- Amounts payable to SolarpowerRex Pty Ltd	**6,311**	-
Mr R Dudurovic - Non-executive Director		
- Amounts payable for services provided to SolarRex Limited	**3,948**	-
Mr G Acton - Joint Company Secretary		
- Loan advanced to Mr Acton to be repaid from future dividends	**-**	40,000
Associates		
Resiweb Limited		
- Amounts payable for purchases from Dixonbuild Pty Ltd and Dixon Systems Pty Ltd	**93,289**	1,150

[1] These properties were sold as per the valuation approved at the 2011 and 2012 Annual General Meetings. The vacant lots sold to Mr L Mizikovsky were sold at cost.

[2] Prior to becoming an associate of the Group during the 2014 year, Resiweb Limited was still considered a related party of Tamawood Limited by virtue of Mr L Mizikovsky, Non-executive Director of Tamawood Limited, having a controlling interest in Resiweb Limited.

[3] The vehicle was later sold by the Group during the 2014 year for $33,636 to an unrelated party.

[4] Extended terms of settlement have been granted to Rainrose Pty Ltd, a company controlled by Mr L Mizikovsky.

[5] This transaction will be put to Tamawood Limited's 2014 Annual General Meeting for ratification.

27 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 78% (2013: 72%) of the Group's current trade receivables were individual construction contracts which were secured by external lending institutions. The largest single construction receivable was $140,120 (2013: $145,580) and the amount was received on 3 July 2014. The remainder of the Group's current trade receivables is represented by debtors of the Renewable Energy and Franchise segments. The largest single receivable was for $131,482 (2013: $503,623), 98.5% of which has been collected subsequent to 30 June 2014 and the remaining balance is not subject to any dispute. Therefore, the Group does not have any material credit risk exposure to any single receivable or group of receivables. The Board believe that the Group's receivables are adequately diversified therefore ensuring the Group does not have significant credit risk.

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

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

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

27 Financial Risk Management (continued)

(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. 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 expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

	2014 $'000s	2013 $'000s
Current assets	**16,230**	18,050
Current liabilities	**(6,799)**	(8,933)
Working capital	**9,431**	9,117

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

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

	Within 1 to 6 months		6 months to 1 year		1 to 5 Years		Total *	
	2014	2013	2014	2013	2014	2013	2014	2013
	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	**6,067**	7,429	**-**	-	**-**	-	**6,067**	7,429
Total contractual outflows	**6,067**	7,429	**-**	-	**-**	-	**6,067**	7,429

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

27 Financial Risk Management (continued)

(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% (2013: +/-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.

	2014		2013	
Consolidated	**$'000s**		**$'000s**	
	+1%	**-1%**	**+1%**	**-1%**
Profit	56	(56)	47	(47)
Equity	56	(56)	47	(47)

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.

28 Events Occurring After the Reporting Date

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

29 Earnings per Share

(a) Earnings used to calculate overall earnings per share

	2014 $'000s	2013 $'000s
Profit attributable to members of the parent entity used in the calculation of basic and diluted	**5,051**	4,970

(b) Weighted average number of shares used

	2014 No.	2013 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	**25,559,611**	25,559,611

30 Company Details

The registered office of the company is:

Tamawood Limited
1821 Ipswich Road
Rocklea QLD 4074

The principal places of business are:

Dixon Homes
1821 Ipswich Road
Rocklea
Queensland 4106

Dixon Homes
684 Nicklin Way
Currimundi
Queensland 4572

Dixon Homes
Unit 1, 50 Lawrence Drive
Nerang
Queensland 4211

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

Dixon Homes
992 Gympie Road
Chermside
Queensland 4032

Dixon Homes
169 James Street
Toowoomba
Queensland 4350

Dixon NSW
53 Links Avenue
Concord
New South Wales 2137

Dixon Homes
4424 Warrego Highway
Plainland
Queensland 4341

Directors' Declaration
For the Year Ended 30 June 2014

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2014 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 27 August 2014

Grant Thornton

Grant Thornton Audit Pty Ltd
ABN 91 130 913 594

Level 18
145 Ann Street
Brisbane Queensland 4000
GPO Box 1008
Brisbane Queensland 4001

T + 61 7 3222 0200
F + 61 7 3222 0444
E info@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report
To the Members of Tamawood Limited

Report on the financial report

We have audited the accompanying financial report of Tamawood Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of Tamawood Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in pages 7 to 11 of the directors' report for the year ended 30 June 2014. 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.

Auditor's opinion on the remuneration report
In our opinion, the remuneration report of Tamawood Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Cameron Smith

CDJ Smith
Partner - Audit & Assurance

Brisbane, 27 August 2014

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 18 August 2014.

Substantial shareholders

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

Shareholders	Number of shares
RAINROSE PTY LTD	7,272,685
ANKLA PTY LTD	4,059,904
NOWCASTLE PTY LTD	1,285,604

Voting rights

Ordinary Shares

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

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

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

Distribution of equity security holders

	Ordinary shares	
Holding	**No. of Shares**	**No. of Holders**
1 - 1,000	104,059	192
1,001 - 5,000	1,234,576	413
5,001 - 10,000	1,336,605	171
10,001 - 100,000	3,710,296	146
100,000 and over	19,174,075	20
	25,559,611	**942**

There were 27 holders of less than a marketable parcel of ordinary shares.

Shareholder Information

Twenty largest shareholders

	Ordinary shares	
	Number held	**% of issued shares**
RAINROSE PTY LTD	7,272,685	28.45
ANKLA PTY LTD	4,059,904	15.88
CITICORP NOMINEES PTY LIMITED	1,595,837	6.24
NOWCASTLE PTY LTD	1,285,604	5.03
SANDHURST TRUSTEES LTD	562,309	2.20
RIPELAND PTY LTD	546,579	2.14
NATIONAL NOMINEES LIMITED	503,632	1.97
BART INC FAMILY TRUST	500,000	1.96
MR ROBERT LYNCH + MS SINEAD LYNCH	500,000	1.96
STODDART BUILDING PRODUCTS PTY LTD	473,825	1.85
AB THOMAS SUPER FUND	375,225	1.47
SUPERFUN SUPERFUND	323,704	1.27
GENERAL PACKAGING PTY LTD	200,000	0.78
SUNSTAR AUSTRALIA PTY LTD	185,763	0.73
MR ANDREW THOMAS	160,000	0.63
J P MORGAN NOMINEES AUSTRALIA LIMITED	155,005	0.61
ROLLEE PTY LTD	141,688	0.55
BRADSHAW PTY LTD	125,214	0.49
PAYNE SUPERANNUATION PTY LTD	106,000	0.41
MR LEV MIZIKOVSKY ATF SIMONE MIZIKOVSKY	101,101	0.40
	19,174,075	**75.02**

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.

117 Victoria Street
WEST END QLD 4101

Phone: 1300 552 270

Overseas Callers: 61 3 9415 4000