

Tamawood Limited

Financial Statements

For the Half-Year Ended 31 December 2008

ABN 56 010 954 499

ASX Code:- TWD

Tamawood Limited

ABN 56 010 954 499

For the Half-Year Ended 31 December 2008

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Tamawood Limited

Directors' Report

31 December 2008

Your Directors submit the financial report of the Consolidated Group for the half-year ended 31 December 2008.

1. General information

a Directors

The names of the directors who held office during, or since the end of, the half year are:

Names

KJ Daly
L Mizikovsky
R Dudurovic
A Thomas
R Lynch

b Principal Activities - Listed company

The principal continuing activities of the economic entity during the financial half year consisted of:

- home design and preliminary project management services and associated activities
- home contract construction activities in selected markets
- merchandising of products complimentary to the construction activities, including importation and warehousing
- franchising operations within regional Queensland and New South Wales; and
- renewable energy activities incorporating trading of renewable energy certificates
- There have no significant changes in the nature of the economic entity's principal activities during the financial half year.

2. Business review

a Operating Results

The consolidated net profit after income tax for the half year ended 31 December 2008 was \$5.306 (2007 : \$5.337).

b Dividends Paid or Recommended - Listed company

The Board has declared a fully franked interim dividend of 8 cents payable as at 18 May 2009.

Dividends paid or declared for payment are as follows:

Ordinary dividend paid on 31 October 2008, as recommended in last year's report	\$ 4,819,316
Interim ordinary dividend of 8 cents per share recommended by the Directors	\$ 3,050,925

Tamawood Limited

Directors' Report

31 December 2008

2. Business review continued

c Review of Operations

Tamawood Limited posted a \$5.526 million after-tax profit for the half-year ended 31 December 2008, representing a \$15,000 increase on the December 2007 result.

Earnings per share were 14.12 cents (December 2007: 15.14 cents). The result reflects a softening Queensland housing market and follows eight years of consecutive record profit growth since listing on the ASX in 2000.

An interim fully franked dividend of 8 cents (December 2007: 8 cents) will be paid to shareholders on 18 May 2009.

The balance sheet remains debt-free. This enables the company to benefit from lower land prices and an easing in building capacity constraints, by adopting an opportunistic, but measured approach to a "ready to occupy" home and land package program.

This initiative is aimed at filling the void created by soft customer demand, off-set by profit generated from the sale of house and land packages, funded out of the company's surplus cash reserves.

Strategic Initiatives and Opportunities

Tamawood operates within a highly cyclical market and the broader economy faces extreme conditions (by historical standards), such as tight credit, low consumer confidence and rising unemployment.

Against this background of uncertainty, a number of strategic initiatives and investment decisions are being implemented to restructure the business to take advantage of evolving opportunities in a declining property market.

These initiatives include:-

- Providing current and prospective customers with an enhanced internet based service delivery capability. This will facilitate convenient customer access to Tamawood product, generating operating efficiencies across the business and reducing overhead costs while enhancing customer service.
- Deploying surplus cash in suitable residential allotments on which affordable priced houses can be built and marketed to first home-buyers and investors, under a highly disciplined and tightly controlled "ready to occupy" home and land package program.
- Maintaining a flexible, multi-skilled work force enabling personnel costs to be strictly managed in line with changes in the level of customer demand.
- Avoiding the fixed capital outlay, carrying cost and operating cost of display homes, particularly during periods of weak housing demand.
- Exploring the potential benefits of manufacturing a specific range of merchandise for subsequent use in house construction fit-out or re-sale to merchandise wholesalers and distributors. This capability, if implemented, will be conducted by our 55% owned merchandising and importation subsidiary, AstiVita Bathrooms & Kitchens Pty Ltd.

Tamawood Limited

Directors' Report

31 December 2008

2. Business review continued

c Review of Operations continued

Outlook

Housing demand remains soft.

The uncertain employment outlook and the reluctance of lenders to provide low deposit residential construction finance may see these soft demand conditions persist throughout 2009.

Accordingly, the number of new home approvals for the remainder of the 2009 financial year are expected to remain weak and are currently down 38% for the year to December 2008, compared to the previous corresponding period. Concurrently, our monthly payroll expense has reduced by 40%.

However, Tamawood expects to shortly commence construction, in its own right, of houses for subsequent sale on land which has been recently acquired at attractive prices in key growth areas. It should be noted that profits from this "ready to occupy" home and land package program are expected to be recorded in the 2010 financial year.

This means that the timing of expected profits generated from our construction development program may not off-set the current decline in earnings from our contract housing activities in the 2009 financial year. This outcome may arise because houses built for re-sale cannot be recognised until the sale contract for the completed house becomes unconditional. Such conditions are unlikely to be satisfied before 30 June 2009, in the majority of cases. Under these circumstances, Directors believe that the 2009 financial year result may be below our original guidance, which was that the 2009 result would likely be in line with the 2008 profit outcome.

However, the Queensland housing market is characterised by the underlying level of housing demand exceeding supply. This supply deficiency applies pricing pressure to housing rental costs, which in turn encourages tenants to own rather than rent a house. It is for this reason that the Board remains positive as to the medium term earnings outlook for the business.

3. Other items

a Post Balance Date Events

No matter or circumstance has arisen since the end of the half year that has significantly affected, or may significantly affect:

- (i) the economic entity's operations in future years; or
- (ii) the results of those operations in future financial years; or
- (iii) the economic entity's state of affairs in future financial years.

b Auditors Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 26 for the half-year ended 31 December 2008.

Tamawood Limited

Directors' Report

31 December 2008

3. Other items continued

c Rounding of amounts

The Consolidated Group has applied the relief available to it in ASIC Class order 98/100 and accordingly certain amounts in the half-year financial statements and directors' report have been rounded to the nearest thousand dollars.

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

A handwritten signature in black ink, appearing to read 'KJ Daly', is written in a cursive style.

KJ Daly

Chairman of Directors

Dated this 13 day of February 2009



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

Report on the Half-Year Interim Financial Report

We have reviewed the accompanying half-year financial report of Tamawood Limited, which comprises the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity and the entities it controlled at the half-year end or from time to time during the half-year in order for the disclosing entity to lodge the half-year financial report with the Australian Securities and Investments Commission and Australian Stock Exchange.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Tamawood Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the financial report.

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



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Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001. We confirm the independence declaration required by the Corporations Act 2001, provided to the directors of Tamawood Ltd on 11 February 2009, would be in the same terms if it had been given to the directors as at the time that this auditor's review report was made.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDO Kendalls (QLD)
Chartered Accountants

Paul Gallagher
Partner
Dated at Brisbane this 13th day of February 2009.

13 February 2009

Tamawood Limited

Consolidated Income Statement

For the Half Year Ended 31 December 2008

		December 31	December 31
		2008	2007
	Note	\$'000	\$'000
Revenue	3	89,716	71,318
Cost of sales		(76,084)	(56,960)
Employee benefits expense		(2,785)	(3,432)
Depreciation, amortisation and impairments		(158)	(192)
Advertising		(900)	(925)
Consultancy		(314)	(330)
Other expenses		-	(68)
Administration expenses		(1,396)	(1,443)
Profit before income tax		8,079	7,968
Income tax expense		(2,553)	(2,457)
Profit for the half year		5,526	5,511
Profit attributable to Minority Interests		(220)	(174)
Profit attributable to members		5,306	5,337

Earnings Per Share:

Overall operations:

Basic earnings per share (cents per share)	14.12	15.14
Diluted earnings per share (cents per share)	14.12	15.14

Tamawood Limited

Consolidated Balance Sheet

As At 31 December 2008

	December 31 2008 \$'000	June 30 2008 \$'000
Note		
ASSETS		
Current assets		
Cash and cash equivalents	11,345	9,297
Trade receivables and other receivables	11,704	10,212
Inventories	18,400	21,884
Current tax receivable	-	1,730
Other current assets	689	325
Total current assets	42,138	43,448
Non-current assets		
Trade and other receivables	4,279	4,691
Property, plant and equipment	9,580	9,980
Deferred tax assets	588	640
Intangible assets	-	110
Total non-current assets	14,447	15,421
TOTAL ASSETS	56,585	58,869
LIABILITIES		
Current liabilities		
Trade creditors and other payables	9,315	12,359
Current tax liabilities	1,264	-
Short-term provisions	355	432
Total current liabilities	10,934	12,791
Non-current liabilities		
Deferred tax liabilities	4,413	6,838
Other long-term provisions	489	480
Total non-current liabilities	4,902	7,318
TOTAL LIABILITIES	15,836	20,109
NET ASSETS	40,749	38,760

The Consolidated Financial Statements should be read in conjunction with the accompanying notes

Tamawood Limited

Consolidated Balance Sheet

As At 31 December 2008

	December 31	June 30
	2008	2008
	Note	\$'000
EQUITY		
Issued capital	25,504	23,783
Reserves	2,993	3,263
Retained earnings	11,620	11,302
Parent interest	40,117	38,348
Minority equity interest	632	412
TOTAL EQUITY	40,749	38,760

Tamawood Limited

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2008

December 31
2008

	Ordinary Shares \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Minority Equity Interests \$'000	Total \$'000
Balance at 1 July 2008	23,783	11,302	3,263	412	38,760
Transfer from retained earnings due to subsidiary being liquidated	-	100	(100)	-	-
Profit attributable to members of the parent entity	-	5,526	-	-	5,526
Profit attributable to minority shareholders	-	(220)	-	220	-
Shares issued for period	1,721	-	-	-	1,721
Transfers to and from reserves					
Revaluation of staff scheme shares	-	-	(170)	-	(170)
Adjustment to retained earning due to change of percentage shareholding in subsidiary	-	37	-	-	37
Sub-total	1,721	5,443	(270)	220	7,114
Dividends paid or provided for	4	(5,125)	-	-	(5,125)
Balance at 31 December 2008	25,504	11,620	2,993	632	40,749

December 31
2007

	Ordinary Shares \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Minority Equity Interests \$'000	Total \$'000
Balance at 1 July 2007	17,558	8,465	3,066	134	29,223
Shares issued during the period	2,387	-	-	-	2,387
Transfers to and from reserves					
Transfer from asset revaluation reserve realised increment on freehold property sold during the year	-	-	(75)	-	(75)
Profit attributable to members of the parent entity	-	5,337	-	174	5,511
Sub-total	2,387	5,337	(75)	174	7,823
Dividends paid or provided for	4	(4,368)	-	-	(4,368)
Balance at 31 December 2007	19,945	9,434	2,991	308	32,678

Tamawood Limited

Consolidated Cash Flow Statement

For the Half Year Ended 31 December 2008

	December 31	December 31
	2008	2007
Note	\$'000	\$'000
Cash from operating activities:		
Receipts from customers	104,219	69,255
Payments to suppliers and employees	(98,372)	(74,806)
Interest received	595	130
Interest paid	(50)	(36)
Income taxes paid	(1,828)	(1,743)
Net cash provided by (used in) operating activities	4,564	(7,200)
Cash flows from investing activities:		
Proceeds from sale of investments and sale of plant and equipment	422	2,573
Acquisition of property, plant and equipment	(149)	(63)
Loans to related parties - payments made	2	(37)
Net cash provided by (used in) investing activities	275	2,473
Cash flows from financing activities:		
Receipt of funds under employee share scheme	18	-
Dividends paid by parent entity	(2,809)	(1,751)
Net cash provided by (used in) financing activities	(2,791)	(1,751)
Net increase (decreases) in cash held	2,048	(6,478)
Cash at beginning of financial year	9,297	10,529
Cash at end of the half year	11,345	4,051

The Consolidated Financial Statements should be read in conjunction with the accompanying notes

Tamawood Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2008

1 Statement of Significant Accounting Policies

(a) General information

The half-year financial report covers Tamawood Limited and its controlled entities. Tamawood Limited is a listed public company, incorporated and domiciled in Australia.

(b) Basis of Preparation

The half-year consolidated financial statements are a general purpose report and have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Tamawood Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by Tamawood limited and its controlled entities and are consistent with those in the June 2008 financial report. The half-year report does not include full disclosures of the type normally included in the annual financial report.

The half-year report has been provided on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(c) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial half year.

(d) Inventories

i) Construction Work in Progress

Construction work in progress is valued at cost, plus profit recognised to date less any provisions for anticipated future losses. 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 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 the contract adjusted for any variations or claims allowable under the contract.

Tamawood Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2008

1 Statement of Significant Accounting Policies continued

(d) Inventories continued

ii) Raw Materials work in progress and finished goods

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

iii) Construction Development Projects

Tamawood Limited has entered into construction development projects. These projects are treated as trading stock and are valued at cost. The profits/(losses) on projects are not to be recognised until date of unconditional settlement.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The last independent valuation was conducted in June 2007.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholder's equity; all other decreases that are charged to the income statement and depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Tamawood Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2008

1 Statement of Significant Accounting Policies continued

(e) Property, Plant and Equipment continued

Land is not depreciated. Depreciation of other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:-

Buildings	50 years
Machinery	10 - 50 years
Furniture, Fixtures and Fittings	3 - 8 years
Motor Vehicles	3 - 8 years

Depreciation commences when the asset becomes available for use.

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included in the income statement. When revalued assets are sold, it is the consolidated groups policy to transfer the amount included in other reserves in respect of those assets to retained earnings.

(f) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframe's established by the marketplace convention.

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139 : Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the consolidated income statement in the period in which they arise.

Tamawood Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2008

1 Statement of Significant Accounting Policies continued

(f) Financial Instruments continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is economic entity's intention to hold these investments to maturity. Any held-to-maturity investments held by economic entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of Assets

At each reporting date, the economic entity, reviews the carrying values of assets to determine whether there is any indication that there has been impairment. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Intangibles

Research and development

Research costs are charged against the net profit and loss as incurred.

Tamawood Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2008

1 Statement of Significant Accounting Policies continued

(g) Intangibles continued

Research and development continued

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. 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, which varies from 3 to 5 years.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(i) Employee Benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits of annual leave expected to be settled within 12 months of the reporting date are recognised in other payables and short term provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in long term provisions and measured as the current value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

(j) Provisions for Warranty

The cost of rectification work undertaken during construction is charged as an expense in the year in which it is incurred. A provision for warranty work 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 history of claims made to date.

(k) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributed to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is

Tamawood Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2008

1 Statement of Significant Accounting Policies continued

(k) Income Tax continued

recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Tax Consolidation Legislation

Tamawood Limited and its controlled entities have formed an income tax consolidation group, under the tax consolidated regime. Each entity recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each entity is subsequently assumed by the parent entity. Tamawood Limited and its controlled entities 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 Limited for any current tax payable by Tamawood Limited arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and therefore amounts receivable and payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax related amounts receivable or payable. In the opinion of the Directors, the tax sharing agreement is also a valid arrangement under the tax consolidated legislation and limits the joint and several liability of the wholly owned entities in the case of a default by Tamawood Limited. Expenses and revenues arising under the tax sharing agreement are recorded as a component of income tax expense (revenue).

(l) Revenue Recognition

Revenue from building design and preliminary project management services and the sale of display homes is brought to account upon the 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 it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expenses as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

For fixed price contracts, the stage of completion is measured by reference to materials, labour hours and direct overheads incurred to date as a percentage of estimated total labour hours for each contract. Revenue from cost-plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus percentage of fees earned. The percentage of fees earned

Tamawood Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2008

1 Statement of Significant Accounting Policies continued

(l) Revenue Recognition continued

is measured by the proportion that costs incurred to date bear the estimate total costs of the contract.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Principles of Consolidation

All controlled entities have a June financial year-end.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Tamawood Limited as at 31 December 2008 and the results of all controlled entities for the half year then ended. Tamawood Limited and its controlled entities together are referred to in this financial report as the economic entity. The effects of all transactions between entities in the economic entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed. Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

A controlled entity is an entity Tamawood Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

(o) Rounding of Amounts

Tamawood Limited and its controlled entities has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(p) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an invested. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those policies. The equity method of accounting recognise the group's share of post acquisition reserves of its associates.

Tamawood Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2008

1 Statement of Significant Accounting Policies continued

(q) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

(r) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods which they are incurred.

(s) Impairment of Assets

At each reporting date, Tamawood Limited reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, Tamawood Limited estimates the recoverable amount of the cash generating unit to which the asset belongs.

Tamawood Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2008

2 Accounting Standards Issued/Amended

The following Australian Accounting Standards have been issued or amended and are applicable to the trust but are not yet effective and have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	AASB Standard Affected	Outline of Amendment	Application Date of the Standard	Application Date for the Trust
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5: Non-current Assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing AASB 8: Segment Reporting in February 2007. These amendments will involve changes to segment reporting disclosures. However it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report as the association does not fall within the scope of AASB 8.	1 January 2009	1 July 2009
	AASB 6: Exploration for and Evaluation of Mineral			
	AASB 102: Inventories			
	AASB 107: Cash Flow Statements			
	AASB 119: Employee Benefits			
	AASB 127: Consolidated and Separate Financial Statements			
	AASB 134: Interim Financial Reporting			
	AASB: 136: Impairment of Assets			
AASB 8: Operating Segments	AASB 1023: General Insurance Contracts	As above	1 January 2009	1 July 2009
	AASB 1038: Life Insurance Contracts			
	AASB 114: Segment Reporting			
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1: First-time Adoption of AIFRS	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the association as it already capitalise borrowing costs related to qualifying assets.	1 January 2009	1 July 2009
	AASB 101: Presentation of Financial Statements			
	AASB 107: Cash Flow Statements			
	AASB 111: Construction Contracts			
	AASB 116: Property, Plant and Equipment			
AASB 123: Borrowing Costs	AASB 138: Intangible Assets	As above	1 January 2009	1 July 2009
	AASB 123: Borrowing Costs			
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101: Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in recognised income and expenditure.	1 January 2009	1 July 2009
	AASB 101: Presentation of Financial Statements			
AASB 101	AASB 101: Presentation of Financial Statements	As above	1 January 2009	1 July 2009

Tamawood Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2008

3 Revenue

	December 31	
	2008	2007
Note	\$'000	\$'000
Sales Revenue		
- Contract construction revenue: including building design and preliminary project fees	80,877	63,702
- Merchandising revenue	6,370	3,942
- Franchising revenue	633	856
- Renewable energy revenue	840	450
- Interest received - non related parties	710	180
- Interest received - related parties	49	36
- Sub-lease rentals	43	40
- Other revenue	194	2,112
Total Revenue	89,716	71,318

4 Dividends

Dividends and distributions paid table

Distributions paid		
Final dividend of 13 cents (fully franked at 30%) per fully paid share paid on 31 October 2008. (2007 : 8 cents franked at 30%)	4,819	4,368
Dividend paid by Merchandising subsidiary	306	
Total	5,125	4,368
Subsequent to period-end, the Directors have recommended a payment of a fully franked interim dividend of 8 cents per fully paid share payable May 2008. (2007 : 8 cents fully franked April 2007).	3,050	2,861
	3,050	2,861

Tamawood Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2008

5 Segment Reporting

a Detailed table

Business segments

	Construction		Merchandising		Franchising		Renewable Energy		Other		Elimination		Consolidated	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
REVENUE														
External sales revenue	80,877	63,703	6,370	4,392	633	857	840	450	91	192			88,811	69,594
Intersegment sales revenue	6,672	4,594	608	282					38	110	(7,318)	(4,986)		
Other revenue	390	285	42	12	4	609	8	6	461	812			905	1,724
Total sales revenue	87,939	68,582	7,020	4,686	637	1,466	848	456	590	1,114	(7,318)	(4,986)	89,716	71,318
Segment results before tax	4,356	5,656	718	307	288	380	448	114	2,269	1,511			8,079	7,968
Minority Interest			(220)	(246)									(220)	(174)
Income tax expense													(2,553)	(2,457)
Net profit for the period													5,306	5,337

Tamawood Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2008

5 Segment Reporting continued

a Detailed table continued Business Segments

The consolidated entity is organised on a national basis into the following business segments.

Construction

The construction of residential dwellings primarily in South East Queensland, including costs to facilitate the project including soil tests, surveys, drafting and full costing of plans and sales commissions. In the prior year report construction and project management were disclosed in separate segments.

Merchandising

The importation of various building products to be used as part of its construction process, and for sale to third parties. In the prior year report merchandising and renewable energy were disclosed within the same segment.

Franchises

The consolidated entity has franchise operations in provincial Queensland, Northern Territory and licensees in various locations in New South Wales.

Renewable Energy

The generation of Renewable Energy Certificates associated with Tamawood's internally developed solar hot water system, "SolarPower".

Other

These activities constitute revenue of the consolidated entity and include sublease of various parts of the building, finance and realty commissions.

Geographical Segments

Although the consolidated entity's business segments are managed on a national basis they operate in two main geographical areas:

Queensland

The principal operations are contract construction and project management services. The main operating entity and parent entity reside in Brisbane, Queensland. There are also franchise operations in Queensland.

New South Wales

Comprises three licensee operations in various locations in New South Wales.

Tamawood Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2008

6 Contingent Liabilities and Contingent Assets

There has been no change in contingent liabilities since the last annual reporting date:

7 Events After the Balance Sheet Date

In furtherance of the Construction Development Project division of Tamawood Limited, on 13th January 2009 additional development lots were purchased to the value of \$2.2 million. Tamawood Limited proposes to construct houses on these lots. Other than this transaction, there have been no events since the reporting date that have had a material affect upon the results or operations of the economic entity.

Tamawood Limited

Directors' Declaration

The Directors of the Group declare that:

1. The financial statements comprising the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes, as set out on pages 7 to 24, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards AASB 134 : Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2008 and of the performance for the year ended on that date.

2. In the Directors' opinion, there are reasonable grounds to believe that the Group 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 and is signed for on behalf of the Directors by:.



KJ Daly

Director

Dated: 13 February 2009



BDO Kendalls

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Declaration Of Independence by Paul Gallagher to the Directors of Tamawood Limited

As lead auditor for the review of Tamawood Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

BDO Kendalls (QLD)

PA Gallagher

DBO Kendalls (QLD)

13 February 2009