

## House Construction Market Pause

The 2009 financial year has seen the house building market pause after nearly a decade of growth.

The scarcity of credit (particularly for low deposit home loans), the spectre of unemployment and a decade of rising land prices and government charges, weighed heavily on the demand for housing this year.

### 2009 Profit Result

These circumstances have contributed to Tamawood's 9.1% decline in after-tax earnings to \$9.1m for the June 2009 financial year (June 2008: \$10.1m).

This profit result represents earnings per share of 24.30 cents (June 2008: 28.20 cents), from which a 13 cent final dividend will be paid in October 2009. This brings the 2009 total dividend to 21 cents fully franked, the same dividend amount paid to shareholders in 2008.

### AstiVita De-merger

The 55% owned importation and merchandising business, AstiVita, contributed \$1m in pre-tax earnings to the group result, on revenue of \$13.5m (including inter-company sale of \$1.5m). The de-merger proposal has entered the due diligence phase and subject to the requisite regulatory process, we anticipate that the terms of the transaction will be presented to shareholders before November 2009.

### Ready to Occupy Housing

Late in calendar 2008, Tamawood acquired 55 residential lots in south east Queensland, with the intention of building homes for immediate occupation by first home-buyers who are eligible for the \$21,000 first home buyer's grant. Currently construction is nearing completion on a majority of these lots. Contracts have been entered into for the sale of a number of these properties, most of which are expected to settle within the next few months. It is anticipated that the remainder will be disposed of during the current financial year.

As at 30 June funds of \$14.1m had been applied to the purchase of land and construction work in progress. All of this activity has been funded out of existing cash reserves.

### Earnings Guidance

The housing industry is a deeply cyclical market, and like all cycles, peaks are followed by troughs. We are now in a housing market trough, during which time housing demand is constrained by factors largely outside our control. Our response is to maintain a debt-free balance sheet, undertake contract construction activity where margins are satisfactory and opportunistically apply our surplus cash to build 'ready to occupy' houses in select locations and remain vigilant on our operating costs, while waiting for the cycle to turn.

This may mean that we experience a period of subdued earnings, compared to recent years' results.

Based on today's level of work-in-progress, current sales enquiry levels and anecdotal evidence, we anticipate that our 2010 after-tax earnings will be approximately \$7.7m.

At this level of earnings we expect that aggregate dividends (including any special dividend that may be payable as part of the proposed AstiVita de-merger) will be in line with last year's 21 cent fully franked dividend.

In the same way we were prepared for the housing downturn that we are now experiencing, we are well positioned for the inevitable upswing in demand.

It is our belief that retaining the balance sheet and operating flexibility to deal with all market conditions is the hallmark of a successful business, rather than seeking to build a particular strategy around unknown and often volatile variables that can quickly change.

However, regardless of the market conditions that exist in the year ahead, Tamawood, its people and contractors are well positioned to grow the business should housing demand improve; or conversely, to maintain the very strong financial position of the group until demand returns to historical levels.

We expect to be in a position to provide further earnings guidance at the 2009 AGM.

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# Appendix 4E

## Preliminary Final Report

Name of Entity: **TAMAWOOD LIMITED**

ABN: **56 010 954 499**

Financial Year Ended: **30 June 2009**

Previous Corresponding Period: **30 June 2008**

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Current year  
A'000

Revenues from operations	Down 6.31%	to	\$135,476
Profit after tax attributable to members	Down 9.13%	to	\$9,195
Profit for the period attributable to members	Down 9.13%	to	\$9,195

### Dividends

Amount per	security	Franked amount	per security
Final dividend	13c		13c
Interim dividend	8c		8c
Previous corresponding period			
Final dividend	13c		13c
Interim dividend	8c		8c

Record date for determining entitlements to the dividend 16 October 2009

Has the final dividend been declared Yes

**FINANCIAL STATEMENTS**  
**Condensed consolidated income statement**

	<b>Current Year</b> <b>\$A'000</b>	<b>Previous Corresponding</b> <b>Year</b> <b>\$A'000</b>
Revenues from operations	135,476	144,585
Construction costs and cost of sales	(110,805)	(117,744)
Employee benefits expenses	(5,123)	(6,601)
Depreciation and amortisation	(285)	(364)
Advertising	(1,850)	(1,543)
Consultants	(486)	(415)
Administration expenses	(3,200)	(3,080)
Staff share scheme provision	(139)	-
Profit for the year before income tax	<hr/> 13,588	<hr/> 14,838
Income tax expense	(4,111)	(4,441)
Profit after tax	<hr/> 9,477	<hr/> 10,397
(Profit)/Loss attributable to outside equity interest	(282)	(278)
Profit for the period attributable to members of Tamawood Limited	<hr/> 9,195	<hr/> 10,119
<b>Non-owner transaction changes in equity</b>	-	-
Increase/(Decrease) in revaluation reserve	-	-
<b>Total changes in equity not resulting from transactions with owners as owners</b>	<hr/> <b>9,195</b> <hr/>	<hr/> <b>10,119</b> <hr/>

## Notes to the condensed consolidated income statement

	Current Year \$A'000	Previous Corresponding Year \$A'000
<b>Sales Revenue</b>		
Contract Construction Revenue	118,583	129,457
Building design and preliminary project management fees		
Sale of goods – Merchandising	11,957	9,034
Franchise Revenue	1,016	2,567
Renewable Energy	1,612	1,506
Sub-lease rentals	81	140
Ready to Occupy Homes	835	0
Interest non-related parties	1,001	886
Other Items	247	303
	<hr/> 135,332	<hr/> 143,893
<b>Other Income</b>		
Profit on sale of assets	144	692
	<hr/>	<hr/>
<b>Total Revenue</b>	<hr/> <hr/> 135,476	<hr/> <hr/> 144,585
<b>Operating Profit</b>		
Profit from before income tax includes the following specific net gains and expenses:		
<b>Net Gains</b>		
Net gain/(loss) on disposal of:		
Property, plant and equipment	144	692
	<hr/>	<hr/>
<b>Expenses</b>		
Depreciation of:		
Building improvements, Motor vehicles, office equipment & acquisition	285	364
<b>Other Provisions:</b>		
Employee entitlements	(61)	(9)
Warranty	(115)	94
	<hr/> (176)	<hr/> 85
Rental expense relating to property leases (net)	161	157

## Condensed consolidated balance sheet

	At end of current year \$A'000	As shown in last Annual Report \$A'000
<b>Current Assets</b>		
Cash and cash equivalents	12,718	9,297
Trade and other receivables	7,928	10,212
Inventories	21,104	21,527
Other current assets	708	325
Current tax assets	0	1,730
<b>Total Current Assets</b>	<b>42,458</b>	<b>43,091</b>
<b>Non-current Assets</b>		
Trade and other receivables	1,799	4,691
Property, plant and equipment	8,266	9,980
Investment property	0	357
Deferred tax assets	561	640
Intangible assets	0	110
<b>Total Non-current Assets</b>	<b>10,626</b>	<b>15,778</b>
<b>Total Assets</b>	<b>53,084</b>	<b>58,869</b>
<b>Current Liabilities</b>		
Trade and other payables	5,496	12,359
Short term provisions	340	432
Current tax liabilities	4,640	-
<b>Total Current Liabilities</b>	<b>10,476</b>	<b>12,791</b>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	2,128	6,838
Other long term provisions	362	480
<b>Total Non-Current Liabilities</b>	<b>2,490</b>	<b>7,318</b>
<b>Total Liabilities</b>	<b>12,966</b>	<b>20,109</b>
<b>Net Assets</b>	<b>40,118</b>	<b>38,760</b>
<b>Equity</b>		
Issued Capital	24,840	23,783
Reserves	2,027	3,263
Retained earnings	12,558	11,302
<b>Equity attributable to members of Tamawood Limited</b>	<b>39,425</b>	<b>38,348</b>
Outside equity interest in controlled entities	693	412
<b>Total Equity</b>	<b>40,118</b>	<b>38,760</b>

**Condensed consolidated cash flow statement**

	<b>Current Year \$A'000</b>	<b>Previous Corresponding Year \$A'000</b>
<b>Cash flows related to Operating Activities</b>		
Receipts from customers (GST Inclusive)	150,296	151,147
Payments to suppliers and employees (GST Inclusive)	(141,472)	(150,613)
Interest received	1,001	886
Income tax paid	(2,372)	(2,429)
<b>Net operating cash flows</b>	<b>7,454</b>	<b>(1,009)</b>
<b>Cash flows related to Investing Activities</b>		
Payment for property, plant and equipment	-	(530)
Proceeds from sale of property, plant and equipment	593	399
Proceeds from sale of investment properties	-	2,477
Loans to related entities	-	(292)
<b>Net Investing cash flows</b>	<b>593</b>	<b>2,054</b>
<b>Cash flows related to Financing Activities</b>		
Payment for staff loans off restriction	(363)	-
Loans received from outside shareholders	203	-
Dividends paid	(4,466)	(2,277)
<b>Net financing cash flows</b>	<b>(4,626)</b>	<b>(2,277)</b>
Net increase/(decrease) in cash held	3,421	(1,232)
Cash at beginning of period	9,297	10,529
<b>Cash at end of period</b>	<b>12,718</b>	<b>9,297</b>
<b>Reconciliation of cash at the end of period</b>		
Cash on hand and at bank	6,694	5,652
Deposits at call	6,024	3,645
<b>Total Equity</b>	<b>12,718</b>	<b>9,297</b>

## Condensed Consolidated Statement of Changes in Equity

2009

	Consolidated				
	Ordinary Shares	Retained Earnings	Asset Revaluation Reserve	Minority Equity Interests	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Balance at 1 July 2008	23,783	11,302	3,263	412	38,760
Shares issued during the year	2,856	-	-	-	2,856
Selective share buy-back	(1,799)				(1,799)
- asset revaluation reserve increment/(decrement)	-	100	(1,342)	-	(1,242)
- Revaluation of own shares			106		106
Adjustment due to retained earnings due to % Shareholding in Subsidiary		52			52
Transfer to minority interest	-	(282)	-	282	-
Profit for the period	-	9,477	-	-	9,477
<b>Sub-total</b>	<b>24,840</b>	<b>20,649</b>	<b>2,027</b>	<b>693</b>	<b>48,209</b>
Dividends paid or provided for	-	(8,091)	-	-	(8,091)
<b>Balance at 30 June 2009</b>	<b>24,840</b>	<b>12,558</b>	<b>2,027</b>	<b>693</b>	<b>40,118</b>

## Consolidated retained profits

	Current Year \$A'000	Previous Corresponding Year \$A'000
Retained profits at the beginning of the financial period	11,302	8,465
Asset revaluation write back due to sale of property	100	-
Profit attributable to members	9,195	10,119
Adjustment due to retained earnings due to % Shareholding in Subsidiary	52	-
Dividends and other equity distributions paid or payable	(8,091)	(7,282)
<b>Retained profits at end of financial period</b>	<b>12,558</b>	<b>11,302</b>

## Comparison of half year profits

	Current Year \$A'000	Previous Corresponding Year \$A'000
Consolidated profit after tax attributable to members reported for the first half year	5,306	5,337
Consolidated profit after tax attributable to members for the second half year	3,889	4,782



**BROKER INFORMATION**

Control gained over entities having material effect – Nil

Loss of control of entities having material effect – Nil

**DIVIDENDS**

Date the dividend is payable 23 October 2009

Record date to determine entitlements to the dividend 16 October 2009

Quoted “Ex” on ASX 12 October 2009

**Amount per Security**

		<b>Amount Per Security</b>	<b>Franked amount Per Security at 30% tax</b>
<b>Final dividend:</b>	Current Year	13c	13c
	Previous Year	13c	13c
<b>Interim dividend:</b>	Current Year	8c	8c
	Previous Year	8c	8c
<b>Total dividend per security</b>		<b>Current Year</b>	<b>Previous Year</b>
Ordinary Securities		21c	21c
<b>Total final dividend per security</b>		<b>Current Year \$A'000</b>	<b>Previous Corresponding Year \$A'000</b>
Ordinary Securities		4,919	4,846

The dividend reinvestment plan has been suspended until further notice.

There will be future franking credits available.

**Issued and quoted securities at end of current period**

<b>Category of securities</b>	<b>Total Number</b>	<b>Number Quoted</b>	<b>Issue Price Per Security</b>	<b>Amount Paid Up Per Security</b>
<b>Ordinary securities</b>	<b>37,840,674</b>	36,832,514	-	-
Changes during current period				
(a) increases through issues	1,433,358		-	-
(b) Decreases through returns of capital, buybacks, redemptions	(872,066)			

**COMMENTARY ON RESULTS****RATIOS**

<b>Earning per Security (EPS)</b>	<b>Current period</b>	<b>Previous corresponding</b>
Basis EPS	24.35 cents	28.24 cents
Diluted EPS	24.35 cents	28.24 cents
Weighted Average Number of Share	37,772,368	35,831,112
<b>Profits before tax/ Revenue</b>		
Consolidated profit before tax as a percentage of revenue	9.82%	10.26%
<b>Profit after tax/ equity interests</b>		
Consolidated net profit after tax attributable to members as a percentage of equity	22.92%	26.10%
<b>Net Tangible Assets</b>		
<b>Net tangible assets backing per ordinary security</b>	<b>106.01 cents</b>	<b>103.67 cents</b>

AUDIT & COMPLIANCE STATEMENT

This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Interpretations or other standards acceptable to ASX.

This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

This report does give a true and fair view of the matters disclosed.

**This report is based on accounts, which are in the process of being audited.**

The entity has formally constituted audit committee.

**OTHER INFORMATION**

**Annual Meeting**

(preliminary final report only)

The annual meeting will be held as follows:

Place GAMBAROS Restaurant

Date 9 October 2009

Time 9:00 am

Approximate date the annual report will be available

\_\_\_\_\_ Date:- 4 August 2009  
Company Secretary

Cleopatra Jackson