



27 January 2010

## Review of Operations

### **The Result**

Tamawood Limited achieved an after-tax profit of \$7.2M for the half-year to December 2009, representing a 35% increase on the previous corresponding period. This result includes a \$2.1M after-tax capital gain derived from the divestment of AstiVita to shareholders in October 2009.

Earnings per share were 18.99 cents (December 2008: 14.12 cents).

An interim fully franked dividend of 8 cents (December 2008: 8 cents) will be paid to shareholders on 18 May 2010. This interim dividend follows the in specie distribution of 3 shares in AstiVita Renewables Limited for every 8 shares held in Tamawood, by way of a fully franked dividend, paid in October 2009. This special dividend represents approximately 36 cents per share, based on the current AstiVita share price.

The balance sheet remains debt free and cash at bank of \$8.4M, ensures that the business has the flexibility to respond to growth opportunities, including the acquisition of home sites under our "ready-to-occupy" home and land package program.

### **Diversified Earnings**

A key strength is our ability to capture a diverse earnings stream generated from within the residential housing sector. This attribute is reflected in the following segmented earnings analysis of the current half-year reporting period:

	\$ M
- Contract project house construction	1.4
- Ready-to-occupy house construction	2.7
- Renewable energy trading	0.3
- Gain on AstiVita de-merger (after tax)	2.1
- Other activities	0.6
<b>Total</b>	<b>7.1</b>

### **Ready-to-Occupy Homes**

This initiative supports our growth aspirations by delivering ready-to-occupy housing product to end-users who may not be otherwise able to source house construction finance from traditional sources.

It also complements our contract housing business segment, through the utilisation of existing construction capacity to construct homes in our own right, and sell them (as principal) to meet the demand for "ready-to-occupy" homes in selected areas within south east Queensland.

Importantly, this activity enables us to deploy excess working capital into superior yielding and short duration assets, generating superior economic returns for shareholders.

## 2010 Financial Year Outlook

The under-supply of affordable new housing supported by strong migration trends, more people currently employed in Australia than at anytime in our history, rising consumer and business confidence and with housing affordability at reasonable levels by historical standards, the Board is confident of the medium term earnings outlook.

The limited supply of residential land may constrain construction activity over the next 1 to 2 years.

The 2010 financial year result comprises our contract project housing activities, our "ready-to-occupy" housing program and a non-recurring \$2.1M after-tax gain on the disposal of our equity in AstiVita Renewables Limited. Subject to weather conditions our contract project housing activities should be sustained at current levels, while the recognition of earnings from our ready-to-occupy housing program is dependent upon settlement of each individual property, making forecasts from this activity less certain.

However, based on present indications the Board anticipates an after-tax result of \$10M for the 2010 financial year, including a \$2.1M capital gain generated by the AstiVita de-merger.



Kerry Daly  
Chairman of Directors



Lev Mizikovskiy  
Managing Director

# Appendix 4D

## Preliminary Half Year Report

Name of Entity: **TAMAWOOD LIMITED**

ABN: **56 010 954 499**

Financial Half Year Ended: **31 December 2009**

Previous Corresponding Period: **31 December 2008**

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

		<b>Current period</b>
		<b>\$'000</b>
Revenue from continuing activities	Down 34% to	\$54,863
Profit after tax from continuing activities	Up 0.2% to	\$5,039
Profit after tax from discontinued operations	Up 333% to	\$2,150
Net profit for the period attributable to members	Up 35% to	\$7,189
<b>Dividends</b>	<b>Amount per share</b>	<b>Franked amount per share</b>
Interim dividend	8 cents	8 cents
Previous corresponding period Interim dividend	8 cents	8 cents
Record date for determining entitlements to the dividend	<b>20 April 2010</b>	
Has the Interim dividend been declared	<b>Yes</b>	

## FINANCIAL STATEMENTS

### Consolidated statement of comprehensive income

	Current period - \$'000	Previous corresponding period - \$'000
Revenues from continuing operations	54,863	82,695
Other income	103	-
Cost of sales	(42,937)	(70,392)
Employee benefits expenses	(2,061)	(2,424)
Depreciation and amortisation	(82)	(140)
Advertising	(1,097)	(896)
Prospectus costs	(205)	-
Consultants	(477)	(314)
Administration Expenses	(1,247)	(1,168)
Other operating expenses	33	-
<b>Profit before income tax</b>	<b>6,893</b>	7,362
Income tax expense	(1,854)	(2,332)
Profit from continuing operations	5,039	5,030
Profit from discontinued operations after tax	2,150	496
Net profit	7,189	5,526
<b>Other comprehensive income</b>		
Revaluation of land and buildings to fair value	18	0
Income tax on items of other comprehensive income	6	0
<b>Other comprehensive income for the half-year, net of tax</b>	<b>24</b>	0
<b>Total comprehensive income for the half-year</b>	<b>7,213</b>	5,526
Profit for the half-year is attributable to:		
Owners of Tamawood Limited	7,189	5,306
Non-controlling interest	0	220
	<b>7,189</b>	5,306
<b>Total comprehensive income for the half-year is attributable to:</b>		
Owners of Tamawood Limited	7,213	5,306
Non-controlling interest	0	220
	<b>7,213</b>	5,526

**Notes to the consolidated statement of comprehensive income**

	<b>Current period - \$'000</b>	<b>Previous corresponding period - \$'000</b>
Contract construction revenue	<b>30,121</b>	80,877
Franchise revenue	<b>288</b>	633
Renewable energy	<b>9,754</b>	840
Ready to Occupy	<b>14,268</b>	-
	<b>54,431</b>	82,350
<b>Other revenue:</b>		
Sub-lease rentals	<b>110</b>	43
Dividend received	<b>24</b>	0
Interest non-related parties	<b>273</b>	108
Others items	<b>25</b>	194
	<b>432</b>	345
<b>Revenue from ordinary activities</b>	<b>54,863</b>	82,695
<b>Operating Profit</b>		
Profit from ordinary activities before income tax includes the following specific net gains and expenses:		
<b>Expenses</b>		
Depreciation of:		
Motor vehicles and office equipment	<b>82</b>	140
	<b>82</b>	140

**Consolidated statement of financial position**

	At the end of 31 December 2009 \$'000	As shown in last Annual Report 30 June 2009- \$'000
<b>Current Assets</b>		
Cash & cash equivalents	8,261	12,718
Trade receivables & other receivables	10,736	7,805
Inventories	13,093	21,104
Other current assets	17	708
<b>Total current assets</b>	<b>32,107</b>	<b>42,335</b>
<b>Non-current assets</b>		
Trade receivables & other receivables	3,458	1,999
Property, plant and equipment (net)	8,074	8,266
Deferred tax assets	523	562
<b>Total non-current assets</b>	<b>12,055</b>	<b>10,827</b>
<b>Total assets</b>	<b>44,162</b>	<b>53,162</b>
<b>Current liabilities</b>		
Trade & other payables	4,584	5,374
Current tax liabilities	2,380	4,640
Short term provisions	313	340
<b>Total current liabilities</b>	<b>7,277</b>	<b>10,354</b>
<b>Non-current liabilities</b>		
Trade and other payables	-	200
Deferred tax liabilities	2,000	2,128
Long term provisions	374	362
<b>Total non-current liabilities</b>	<b>2,374</b>	<b>2,690</b>
<b>Total liabilities</b>	<b>9,651</b>	<b>13,044</b>
<b>Net assets</b>	<b>34,511</b>	<b>40,118</b>
<b>Equity</b>		
Contributed equity	24,840	24,840
Reserves	2,157	2,027
Retained profits	7,514	12,558
<b>Equity attributable to members of Tamawood Limited</b>	<b>34,511</b>	<b>39,425</b>
Non-controlling interest	-	693
<b>Total equity</b>	<b>34,511</b>	<b>40,118</b>

## Condensed consolidated statement of cash flows

	Current period - \$'000	Previous corresponding period - \$'000
<b>Cash flows related to operating activities</b>		
Receipts from customers (GST Inclusive)	56,838	104,219
Payments to suppliers and employees (GST Inclusive)	(44,960)	(98,372)
Interest received	130	595
Income taxes paid	(6,123)	(1,828)
Interest paid	-	(50)
Dividends received	24	-
<b>Net operating cash flows</b>	<b>5,909</b>	<b>4,564</b>
<b>Cash flows related to investing activities</b>		
Payment for property, plant and equipment	(42)	(149)
Proceeds from sale of property, plant and equipment and investments	74	422
Purchase of equity interest in AstiVita Renewables Limited*	(4,000)	-
Repayment/(funding) of loans to other entities	-	2
<b>Net investing cash flows</b>	<b>(3,968)</b>	<b>275</b>
<b>Cash flows related to Financing Activities</b>		
Receipt of funds under employee share scheme	-	18
Loans paid to AstiVita Renewables Limited	(1,611)	-
Repayment of loans by AstiVita Renewables Limited*	4,000	-
Dividends paid	(4,788)	(2,809)
<b>Net financing cash flows</b>	<b>(10,399)</b>	<b>(2,791)</b>
Net increase (decrease) in cash held	(4,457)	2,048
Cash at beginning of period	12,718	9,297
<b>Cash at end of period</b>	<b>8,261</b>	<b>11,345</b>
<b>Reconciliation of cash at the end of the period</b>		
Cash on hand and at bank	3,811	7,247
Deposits at call	4,450	4,098
<b>Total cash at end of period</b>	<b>8,261</b>	<b>11,345</b>

\* The purchase of equity interest in AstiVita Renewables Limited was funded by conversion of loan owing by AstiVita Renewables Limited. The effect of these two transactions on cashflow was nil.

## BROKER INFORMATION

Control gained over entities having material effect – Nil

Loss of control of entities having material effect – Demerger of AstiVita Renewables Limited

## Consolidated statement of changes in equity

	Contributed Equity \$'000	Retained Profits \$'000	Asset Revaluation \$'000	Staff Share Scheme Reserve \$'000	Total \$'000	Non- controlling Interest \$'000	Total Equity \$'000
<b>Balance at 1 July 2009</b>	24,840	12,558	2,133	(106)	39,425	694	40,119
<b>Total comprehensive income for the half-year</b>							
Profit for the half-year	0	7,189	0	0	7,189	0	7,189
Revaluation of land buildings, net of tax	0	0	24	0	24	0	24
<b>Total comprehensive income for the half-year</b>	0	7,189	24	0	7,213	0	7,213
<b>Transactions with owners in their capacity as owners</b>							
Dividends paid	0	(11,962)	0	0	(11,962)	0	(11,962)
Reversal of opening retained earnings of AstiVita Renewables	0	(271)	0	0	(271)	(694)	(965)
Revaluation of staff scheme shares	0	0	0	106	106	0	106
	0	(12,233)	0	106	(12,127)	(694)	(12,821)
<b>Balance at 31 December 2009</b>	<b>24,840</b>	<b>7,514</b>	<b>2,157</b>	<b>0</b>	<b>34,511</b>	<b>0</b>	<b>34,511</b>
<b>As at 1 July 2008</b>	<b>23,783</b>	<b>11,302</b>	<b>2,991</b>	<b>272</b>	<b>38,348</b>	<b>411</b>	<b>38,759</b>
<b>Total comprehensive income for the half-year</b>							
Profit for the half-year	0	5,306	0	0	5,306	220	5,526
Total comprehensive income for the half-year	0	5,306	0	0	5,306	220	5,526
<b>Transactions with owners in their capacity as owners</b>							
Shares issued	1,721	0	0	0	1,721	0	1,721
Adjustment of retained earnings due to % shareholding in subsidiary	0	37	0	0	37	0	37
Transfer from retained earnings	0	100	(100)	0	0	0	0
Dividends paid	0	(5,125)	0	0	(5,125)	0	(5,125)
Revaluation of staff scheme shares	0	0	0	(170)	(170)	0	(170)
	1,721	(4,988)	(100)	(170)	(3,537)	0	(3,537)
<b>Balance as at 31 December 2008</b>	<b>25,504</b>	<b>11,620</b>	<b>2,891</b>	<b>102</b>	<b>40,117</b>	<b>631</b>	<b>40,748</b>



### Comparison of half year profits

	<b>Current period -\$'000</b>	<b>Previous corresponding period - \$'000</b>
Consolidated profit from ordinary activities after tax attributable to members reported for the 1 <sup>st</sup> half year	<b>7,189</b>	5,306

### DIVIDENDS

Date the dividend is payable	<b>18 May 2010</b>
Record date to determine entitlements to the dividend	<b>20 April 2010</b>
Quoted "Ex" on ASX	<b>14 April 2010</b>

### Amount per Security

	<b>Amount per Share</b>	<b>Franked amount per share at 100%</b>
<b>Interim Dividend:</b>		
Current Year	8 cents	8 cents
Previous Year	8 cents	8 cents

### Total interim dividend per security

	<b>Current period -\$'000</b>	<b>Previous corresponding period - \$'000</b>
Ordinary shares	3,027	3,050

The dividend reinvestment plan is currently suspended for this dividend.

The last date for receipt of election notices for the dividend plan is **16 April 2010**

There are franking credits available as at 31 December 2009.

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

<b>Category of securities</b>	<b>Total Number</b>	<b>Number quoted</b>	<b>Issued price per security</b>	<b>Amount paid up per security</b>
<b>Ordinary securities</b>	37,839,466	37,839,466	-	-
Changes during current period				
(a) increases through issues	-	-	-	-
(b) decreases through returns of capital, buybacks, redemptions	-	-	-	-

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

<b>Earning per Security (EPS)</b>	<b>Current period</b>	<b>Previous corresponding period</b>
Basic EPS	18.99 cents	14.12 cents
Diluted EPS	18.99 cents	14.12 cents
Weighted average number of share	37,839,466	37,563,755
<b>Profits before tax/ Revenue</b>		
Consolidated profit from ordinary activities before tax as a percentage of revenue	15.39%	9.00 %
<b>Profit after tax and equity interests</b>	20.83%	13.02 %
Consolidated net profits from ordinary activities after tax attributable to members as a percentage of equity		
<b>Net Tangible Assets</b>		
Net tangible assets backing per Ordinary Security	91.20 cents	106.85 cents

## **SEGMENT INFORMATION**

Tamawood's primary geographic segment is South East Queensland.

## **COMPLIANCE STATEMENT**

This report has been prepared in accordance with AASB 134 interim financial reporting, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views 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 currently subject to independent review.

The entity has formally constituted an Audit Committee.

Sign here:

Date: 27 January 2010

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

Chairman

Print name: Kerry Daly