# Tamawood Limited

**ABN 56 010 954 499**

## Annual Report

**For the Year Ended 30 June 2013**

www.tamawood.com.au

**ABN 56 010 954 499**
**ASX Code: TWD**

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# Chairman's Review
## For the Year Ended 30 June 2013

**Successful Capital Management**

The highlight of 2013 for Tamawood shareholders is the completion of the buy-back at the end of June 2012.

| | | $'000 | EPS | Weighted average no. of shares |
|---|---|---|---|---|
| **Net profit after tax attributable to members** | **2012** | 8,259 | 21.37 cents | 38,643,761 |
| **Adjusted for profit attributed to Ready to Occupy sales to Lev Mizikovsky** | **2012** | 6,797 | 17.58 cents | 38,643,761 |
| **Net profit after tax attributable to members** | **2013** | 4,970 | 19.44 cents | 25,559,611 |

As per the table, if we had not undertaken the buy-back, the EPS for this year would have been 12.86 cents. Further, if you take out the one off profits attributed to the Ready to Occupy transaction to Lev Mizikovsky, the Tamawood business has performed exceptionally well in 2013 despite the deteriorating housing market.

**The Result**

The result for the year for the members of Tamawood Limited was an after tax profit of $4.970 million or 19.44 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 2013. This maintains the full year dividend at 21 cents per share fully franked. The board believes this is an excellent result in the current market conditions and Tamawood remains debt free with in excess of $4.7 million in cash reserves as at 30 June 2013.

As we predicted in last year's report Housing demand has remained weak for the 12 months to the end of June 2013. While there were some parts of the country that continued to do well, our main area of operation South East Queensland was particularly slow. The reasons for the slow market are mostly the same as last year, in particular the tightening in the banks' lending criteria and the overall difficult economy. We did not have the benefit of a large ready to occupy program, as we did last year, with most of the ready to occupy homes having been sold in the previous year and only a small number of ready to occupy homes settling in the 2012/2013 year.

**2013/2014 Financial Year Outlook**

The board expects an improvement in the market conditions over the next 12 months and in fact we have already seen a small increase in sales over the past 3 months. On the back of this the board has already announced guidance of 8 cents per share for the first half of the 2013/2014 financial year which is equivalent to the dividend paid in the corresponding period last financial year.

RLynch.

**Mr Robert Lynch**
Non-Executive Chairman

Dated 27 September 2013

# Directors' Report
## For the Year Ended 30 June 2013

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 2013.

**Directors**

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

| Names | Position |
|---|---|
| Mr Robert Lynch | Non-executive Chairman |
| Mr Lev Mizikovsky | Non-executive Director |
| Mr Rade Dudurovic | Non-executive Director |
| Mr Andrew Thomas | Non-executive Director |

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 (appointed 24 May 2013)

**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 $4.970 million (2012: $8.259 million) for the year ended 30 June 2013.

Basic earnings per share was 19.44cents (2012: 21.37cents).

| | Tamawood Group 2013 | HIA Economic Data 2012 ^ |
|---|---|---|
| Profit before tax as a % of revenue | **8.06%** | 7.00% |
| Wages & Salaries as a % of revenue | **4.54%** | 16.60% |
| Interest expense as a % of EBITDA | **0.85%** | 31.80% |

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

# Directors' Report
## For the Year Ended 30 June 2013

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

**Review of operations**

**Construction (QLD and NSW)**

The slow demand for residential housing continued in 2013 as predicted by the Board in 2012. Despite the decrease in the number of houses completed, the improvements in operational efficiency and reduction in overheads has seen an improvement in the overall profit of the construction segments compared to 2012.

**Ready-to-Occupy**

As reported in 2012, the majority of the Ready-to-Occupy program was completed in 2012. There were a small number of homes completed in 2013 and as of 31 August 2013 only 1 home remains unsold.

**Renewable Energy**

As reported during the year Solarpowerrex was the subject of employee fraud. Despite the fraud and significant professional expenses associated with the fraud, Solarpowerrex still contributed positively to the Group.

**Review of financial position**

The net assets of the Group have decreased $391,000 from $8.912 million at 30 June 2012 to $8.521 million at 30 June 2013. 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 2013 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 5 December 2012 | **3,323** |
| Interim ordinary dividend of 8 cents per share, paid on 5 June 2013 | **2,045** |
| Final ordinary dividend of 13 cents per share, payable on 4 December 2013 | **3,323** |

All dividends paid were fully franked.

**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 board expects an improvement in the market conditions over the next 12 months and in fact we have already seen a small increase in sales over the past three months. On the back of this the board has already announced guidance of 8 cents per share for the first half of the 2013/2014 financial year which is equivalent to the dividend paid in 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 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.

Details of of each director's relevant interest in shares of the company can be found in Note 25 to the financial statements.

### 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

During the financial year, 13 meetings of directors (including committees of directors) were held. Attendances by each director during the year 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 | 10 | 10 | 2 | 2 | - | - | 1 | 1 | - | - |
| Mr Lev Mizikovsky | 10 | 10 | -* | 2* | - | - | 1 | 1 | - | - |
| Mr Rade Dudurovic | 10 | 10 | 2 | 2 | - | - | 1 | 1 | - | - |
| Mr Andrew Thomas | 10 | 10 | 2 | 2 | - | - | 1 | 1 | - | - |

* 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 $11,000 (2012: $11,608).

### 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.

The following fees were paid or payable to the Group's external auditors, BDO Audit Pty Ltd (including their related entities), for non-audit services provided during the year ended 30 June 2013:

| | 2013 | 2012 |
|---|---|---|
| | $ | $ |
| Tax compliance | **45,438** | 14,874 |
| General accounting services[1] | **117,228** | 73,431 |
| | **162,666** | 88,305 |

[1] General accounting services include services relating to QBSA, investigation of fraud (2013 year only), on-market share buy-back (2012 year only), divestment of subsidiary (2012 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 2013 has been received and can be found on page 11 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 2013 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 fees are determined independently to the fees of Non-executive Directors 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 2013 is detailed in the table in this report.

**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

## Remuneration report (audited) (continued)

**Remuneration policy (continued)**

*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 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.

| | 2009<br>$'000 | 2010<br>$'000 | 2011<br>$'000 | 2012<br>$'000 | 2013<br>$'000 |
|---|---|---|---|---|---|
| Revenue | 123,521 | 98,540 | 114,396 | 131,372 | 95,086 |
| Net profit attributable to members of the parent entity | 9,195 | 10,464 | 6,738 | 8,259 | 4,970 |
| Dividends paid | 7,785 | 14,941 | 7,893 | 8,260 | 5,368 |
| Dividends per share (cents) | 21.0c | 39.69c | 21.0c | 21.0c | 21.0c |
| Share price at year-end (not rounded) | $1.68 | $2.44 | $2.28 | $1.92 | $2.45 |

**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 |
|---|---|---|---|
| **KMP** | | | |
| T Bartholomaeus (Chief Operating Officer) | 25,000 | 11% | 89% |
| P Chucherko (Quality & Maintenance Manager) | 15,000 | 11% | 89% |

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 2013. The bonuses therefore vested 100% during the financial year.

# Directors' Report
## For the Year Ended 30 June 2013

# Remuneration report (audited) (continued)

### Remuneration details for the year ended 30 June 2013

The following table of benefits and payments details, in respect to the 2013 and 2012 financial years, the components of remuneration for each member of the key management personnel (KMP) of the Group.

| 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 [6] | 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) [4] | 25,000 | - | - | - | - | - | - | 25,000 |
| - G Acton (SolarpowerRex General Manager & Company Secretary) | 53,069 | - | - | - | 4,617 | 2,508 | - | 60,194 |
| **Sub-total Other KMP** | 570,125 | 40,000 | 18,624 | 4,200 | 51,161 | 5,018 | - | 684,928 |
| **TOTAL** | 779,228 | 40,000 | 18,624 | 4,200 | 72,161 | 5,018 | - | 919,231 |

| 2012 | Short-term benefits | | | | Post employment | Long-term benefits | | |
|---|---|---|---|---|---|---|---|---|
| | Cash salary, fees & leave $ | Bonus $ | Non-monetary $ | Other $ | Superannuation $ | LSL $ | Termination benefits $ | TOTAL $ |
| **Non-executive directors** | | | | | | | | |
| - R Lynch (Chairman) | 42,576 | - | - | - | 21,000 | - | - | 63,576 |
| - L Mizikovsky | - | - | - | - | - | - | - | - |
| - R Dudurovic | 45,088 | 7,000 | - | - | - | - | - | 52,088 |
| - A Thomas | 41,066 | - | - | - | - | - | - | 41,066 |
| - K Daly [1] | - | 7,000 | - | - | 26,523 | - | - | 33,523 |
| **Sub-total Non-executive Directors** | **128,730** | **14,000** | **-** | **-** | **47,523** | **-** | **-** | **190,253** |
| **Other KMP** | | | | | | | | |
| - T Bartholomaeus (Chief Operating Officer) | 176,629 | 25,000 | 13,333 | - | 13,242 | 2,509 | - | 230,713 |
| - M Fennell (IT Manager) [5] | 80,683 | 6,929 | 8,079 | - | 2,741 | - | - | 98,432 |
| - P Souter-Robertson (Franchise Manager) [2] | 16,923 | - | - | - | 762 | - | - | 17,685 |
| - R Baker (Franchise Manager) [3] | 130,886 | 20,000 | - | - | 9,520 | - | - | 160,406 |
| - C Jackson (Chief Financial Officer Company Secretary) [5] | 79,427 | - | - | - | 5,359 | 1,568 | - | 86,354 |
| - G Acton (SolarpowerRex General Manager & Company Secretary) | 56,266 | 70,000 | - | 429,812 | 4,846 | 2,509 | - | 563,433 |
| **Sub-total Other KMP** | **540,814** | **121,929** | **21,412** | **429,812** | **36,470** | **6,586** | **-** | **1,157,023** |
| **TOTAL** | **669,544** | **135,929** | **21,412** | **429,812** | **83,993** | **6,586** | **-** | **1,347,276** |

## Remuneration report (audited) (continued)

**Remuneration details for the year ended (continued) ended 30 June 2013**

[1] K Daly resigned on 25 November 2011
[2] P Souter-Robertson commenced on 30 April 2012
[3] R Baker resigned on 30 April 2012
[4] P Hogan commenced on 26 March 2013
[5] Employee was not determined to be a KMP during 2013
[6] 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.

**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.

**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 September 2013

BDO

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**DECLARATION OF INDEPENDENCE BY DAMIAN WRIGHT TO THE DIRECTORS OF TAMAWOOD LIMITED**

As lead auditor of Tamawood Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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

Damian Wright

Director

**BDO Audit Pty Ltd**

Brisbane, 27 September 2013

# Corporate Governance Statement
## For the Year Ended 30 June 2013

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 design and construction activities.

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

The Board of Directors is responsible for the corporate governance of the Company. The Board provides strategic guidance for the Company, and effective oversight of 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 four Directors, all of whom are non-executive Directors, two of which are 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 an independent non-executive Director.

**Company Secretary**

The Company Secretary is appointed and removed by the Board and is responsible for establishing and maintaining appropriate support mechanisms to enable the Board to function effectively. The Company Secretary is also responsible for ensuring that 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 Directors' meeting. A copy of advice received by the Director is made available to all other members of the Board.

**Nominations committee**

The Board has a Nominations Committee,comprising three Non-executive Directors, two of whom are independent:

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

The Nominations Committee did not meet during the year.

The Nominations Committee Charter sets out its role, responsibilities, composition, structure, membership requirements and guidelines and is posted on of 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 directors' report.

The Audit Committee meets at least twice a year with the auditors. The Audit Committee met two 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.

# Corporate Governance Statement
## For the Year Ended 30 June 2013

### 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 one time during the year.

The Board has received assurance from the Chief Operating Officer 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 web site.

The Remuneration Committee consists of three members two of whom are independent Non-executive Directors. 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 2013

| | Note | 2013 $'000s | 2012 $'000s |
|---|---|---|---|
| Revenue | 4 | **95,086** | 131,372 |
| Other income | 4 | **-** | 261 |
| Changes in inventories of finished goods and work in progress | | **(6,199)** | (21,101) |
| Raw materials and consumables used | | **(71,681)** | (87,577) |
| Employee benefits expense | | **(4,319)** | (4,633) |
| Depreciation expense | | **(212)** | (268) |
| Advertising | | **(1,733)** | (1,914) |
| Consultancy | | **(1,359)** | (677) |
| Recoupment of misappropriated funds | 2 | **534** | - |
| Other expenses | | **(2,391)** | (3,309) |
| Finance costs | | **(63)** | (286) |
| **Profit before income tax** | | **7,663** | 11,868 |
| Income tax expense | 7 | **(2,550)** | (3,471) |
| **Profit for the year** | | **5,113** | 8,397 |
| **Other comprehensive income** | | | |
| Other comprehensive income for the year | | **-** | - |
| **Total comprehensive income for the year** | | **5,113** | 8,397 |
| **Profit attributable to:** | | | |
| Members of the parent entity | | **4,970** | 8,259 |
| Non-controlling interest | | **143** | 138 |
| | | **5,113** | 8,397 |
| **Total comprehensive income attributable to:** | | | |
| Members of the parent entity | | **4,970** | 8,259 |
| Non-controlling interest | | **143** | 138 |
| | | **5,113** | 8,397 |
| **Earnings per share** | | | |
| Basic earnings per share (cents) | 28 | **19.44** | 21.37 |
| Diluted earnings per share (cents) | 28 | **19.44** | 21.37 |

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 2013

| | Note | 2013 $'000s | 2012 $'000s |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 9 | **4,732** | 1,641 |
| Trade and other receivables | 10 | **4,885** | 6,424 |
| Inventories | 11 | **8,384** | 14,582 |
| Other assets | 12 | **49** | 254 |
| **Total Current Assets** | | **18,050** | 22,901 |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 13 | **520** | 574 |
| **Total Non-Current Assets** | | **520** | 574 |
| **TOTAL ASSETS** | | **18,570** | 23,475 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 14 | **7,429** | 11,313 |
| Provisions | 15 | **259** | 365 |
| Current tax liabilities | 16 | **1,245** | 1,082 |
| **Total Current Liabilities** | | **8,933** | 12,760 |
| **Non-Current Liabilities** | | | |
| Provisions | 15 | **285** | 285 |
| Deferred tax liabilities | 16 | **831** | 1,518 |
| **Total Non-Current Liabilities** | | **1,116** | 1,803 |
| **TOTAL LIABILITIES** | | **10,049** | 14,563 |
| **NET ASSETS** | | **8,521** | 8,912 |
| **EQUITY** | | | |
| Issued capital | 17 | **407** | 407 |
| Retained earnings | | **7,885** | 8,283 |
| **Total equity attributable to equity holders of Tamawood Limited** | | **8,292** | 8,690 |
| Non-controlling interest | | **229** | 222 |
| **TOTAL EQUITY** | | **8,521** | 8,912 |

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 2013

**2013**

| | Note | Contributed Equity $'000s | Retained Earnings $'000s | Asset Revaluation Surplus $'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 or provided for | 8 | **-** | **(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** |

**2012**

| | Note | Contributed Equity $'000s | Retained Earnings $'000s | Asset Revaluation Surplus $'000s | Total $'000s | Non-controlling Interests $'000s | Total $'000s |
|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2011** | | 28,714 | 6,655 | 1,629 | 36,998 | - | 36,998 |
| **Comprehensive income for the year** | | | | | | | |
| Profit for the year | | - | 8,259 | - | 8,259 | 138 | 8,397 |
| Other comprehensive income for the year | | - | - | - | - | - | - |
| **Total comprehensive income for the year** | | - | 8,259 | - | 8,259 | 138 | 8,397 |
| **Transactions with owners in their capacity as owners** | | | | | | | |
| Transfer to retained earnings on disposal of land and buildings | | - | 1,629 | (1,629) | - | - | - |
| Shares issued during the year | | - | - | - | - | 84 | 84 |
| On-market share buy-back | 17 | (28,307) | - | - | (28,307) | - | (28,307) |
| Dividends paid or provided for | 8 | - | (8,260) | - | (8,260) | - | (8,260) |
| **Total transactions with owners in their capacity as owners** | | (28,307) | (6,631) | (1,629) | (36,567) | 84 | (36,483) |
| **Balance at 30 June 2012** | | 407 | 8,283 | - | 8,690 | 222 | 8,912 |

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 2013

| | Note | 2013 $'000s | 2012 $'000s |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (including GST) | | **113,754** | 124,040 |
| Payments to suppliers and employees (including GST) | | **(103,890)** | (111,337) |
| Dividends received | | **-** | 48 |
| Funds misappropriated during the financial year | 2 | **(577)** | (1,686) |
| Insurance recovery of misappropriated funds | 2 | **2,337** | - |
| Interest received | | **108** | 106 |
| Interest paid | | **(63)** | (286) |
| Income tax paid | | **(2,844)** | (3,096) |
| Net cash from operating activities | 23 | **8,825** | 7,789 |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of property, plant and equipment | | **71** | 70 |
| Payments for property, plant and equipment | | **(247)** | (354) |
| Loans to related parties - payments made | | **(40)** | - |
| Net cash used by investing activities | | **(216)** | (284) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares by controlled entities to non-controlling interests | | **67** | - |
| Share buy-back payment (cash component) | 23(a) | **-** | (495) |
| Repayment of borrowings | | **-** | (5,000) |
| Dividends paid by parent entity | 8 | **(5,368)** | (8,260) |
| 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 | | **(5,518)** | (13,755) |
| Net increase (decrease) in cash and cash equivalents | | **3,091** | (6,250) |
| Cash and cash equivalents at beginning of year | | **1,641** | 7,891 |
| **Cash and cash equivalents at end of financial year** | 9 | **4,732** | 1,641 |

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 2013

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 September 2013.

The separate financial statements and notes of the parent entity, Tamawood Limited, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001. Parent entity summary is included in note 3.

The address of the registered office and principal place of business is 1821 Ipswich Road, Rocklea, QLD 4106.

**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.

The financial statements are based on historical costs, except for 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 of the Group have been eliminated in full for the purpose of these consolidated financial statements.

Appropriate adjustments have been made to a controlled entity's financial statements where the accounting policies used by that entity were different from those adopted in the consolidated financial statements.

*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)

#### (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.

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 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.

### 1 Summary of Significant Accounting Policies (continued)

#### (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.

#### (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 may enter 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.

### 1 Summary of Significant Accounting Policies (continued)

#### (f) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost or revaluation 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.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in carrying amount arising on revaluation of land and buildings are recorded in other comprehensive income. Decreases are charged to profit and loss unless they are reversals of increases previously recognised in other comprehensive income.

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.

**Land and buildings**

Land and buildings are measured using the revaluation model.

**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 |
|---|---|
| Buildings | 50 years |
| 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.

### 1 Summary of Significant Accounting Policies (continued)

#### (g) 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.

*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".

**1 Summary of Significant Accounting Policies (continued)**

**(g) Financial instruments (continued)**

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.

**(h) Impairment of non-financial assets**

At the end of each reporting period, the Group determines whether there is an 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.

**(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.

## 1 Summary of Significant Accounting Policies (continued)

### (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.

### (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.

Preference share capital is classified as equity if it is non-redeemable or redeemable only at the company’s option, and any dividends are discretionary.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary.

## 1 Summary of Significant Accounting Policies (continued)

### (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.

### (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.

1 **Summary of Significant Accounting Policies (continued)**

**(o) Revenue and other income (continued)**

**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.

**(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;

### 1 Summary of Significant Accounting Policies (continued)

#### (r) Foreign currency transactions and balances (continued)

**Transaction and balances (continued)**

- 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.

**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 $770,000 (2012: $6.2 million). 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.

# Notes to the Financial Statements
## For the Year Ended 30 June 2013

### 1 Summary of Significant Accounting Policies (continued)

#### (s) Critical accounting estimates and judgments (continued)

**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 15. 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.

#### (t) Adoption of new and revised accounting standards

During the current year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has not impacted the recognition, measurement and disclosure of transactions.

#### (u) 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** | | **Requirements** | |
|---|---|---|---|
| AASB 9 Financial Instruments and amending standards<br>AASB 2010-7 / AASB 2012-6 | 30 June 2016 | Changes to the classification and measurement requirements for financial assets and financial liabilities.<br><br>New rules relating to derecognition of financial instruments. | The impact of AASB 9 has not yet been determined as the entire standard has not been released. |

## 1 Summary of Significant Accounting Policies (continued)

### (u) New Accounting Standards and Interpretations (continued)

| | | | |
|---|---|---|---|
| AASB 10 Consolidated Financial Statements / AASB 11 Joint Arrangements / AASB 12 Disclosures of Interests in Other Entities, AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments | 30 June 2014 | AASB 10 includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures. The Standard provides additional guidance to assist in the determination of control where this is difficult to assess. | The Group will review its controlled entities to determine whether they should be consolidated under AASB 10, no changes are anticipated. |
| | | AASB 11 focuses on the rights and obligations of a joint venture arrangement, rather than its legal form (as is currently the case). IFRS 11 requires equity accounting for joint ventures, eliminating proportionate consolidation as an accounting choice. | The Group is not a part of any joint ventures and therefore no impact is expected due to the adoption of AASB 11. |
| | | AASB 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. | The Group does not have interests in other entities and therefore no impact is expected due to the adoption of AASB 12. |
| AASB 13 Fair Value Measurement.<br><br>AASB 2011-8 - Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] | 30 June 2014 | AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted.<br><br>There are a number of additional disclosure requirements. | The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. |

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

### 2 Misappropriation of funds

In January 2013, the Group identified instances of misappropriation of cash by an employee through the theft and passing of fraudulent cheques over an 18 month period, totaling $2.437 million. The employee was terminated, relevant authorities notified and actions to recover the funds from the bank were commenced.

The Group has since recovered $2.337 million through its insurance, excluding the $100,000 excess payable on the insurance policy.

The impact of the misappropriation on these financial statements are as follows:

- $534,000 before tax recorded in the consolidated statement of profit or loss and other comprehensive income, consisting of recoupment of misappropriated funds of $634,000 before tax, which was previously expensed through purchases throughout the 18 month period less the $100,000 excess payable on the insurance policy. The full amount of the recoupment has been recognised in the current year as the impact on the results of prior periods is not considered to be material.
- Professional fees amounting to $148,346 have been recognised in the consolidated statement of profit or loss and other comprehensive income.
- Cash misappropriated during the financial year of $577,000 recorded in the consolidated statement of cash flows for the 2013 financial year, representing the cash misappropriated during the current financial year.

In addition, comparative information in these financial statements have been restated to correct the balances affected by the fraudulent accounting entries as follows:

| | | 2012 | |
|---|---|---|---|
| | **Previously stated** | **Adjustments** | **Restated** |
| | **$'000s** | **$'000s** | **$'000s** |
| **Consolidated statement of cash flows** | | | |
| Payments to suppliers and employees (including GST) | **(113,023)** | **1,686** | **(111,337)** |
| Funds misappropriated during the financial year | **-** | **(1,686)** | **(1,686)** |
| **Consolidated statement of financial position** | | | |
| Trade and other receivables | **5,049** | **1,375** | **6,424** |
| Inventories | **15,789** | **(1,207)** | **14,582** |
| Trade and other payables | **11,145** | **168** | **11,313** |

### 3 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, associates and joint ventures*

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

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| **Statement of Financial Position** | | |
| **Assets** | | |
| Current assets | **629** | 2,467 |
| Non-current assets | **7,623** | 6,533 |
| **Total Assets** | **8,252** | 9,000 |
| **Liabilities** | | |
| Current liabilities | **-** | 1,678 |
| Non-current liabilities | **7,514** | 3,828 |
| **Total Liabilities** | **7,514** | 5,506 |
| **Equity** | | |
| Issued capital | **407** | 407 |
| Retained earnings | **331** | 3,087 |
| **Total Equity** | **738** | 3,494 |
| **Statement of Profit or Loss and Other Comprehensive Income** | | |
| Profit for the year | **2,612** | 9,482 |
| Total comprehensive income | **2,612** | 9,482 |

**Guarantees**

The parent entity did not have any guarantees as at 30 June 2013 or 30 June 2012 except as detailed in Note 21.

**Contingent liabilities**

The parent entity did not have any contingent liabilities as at 30 June 2013 or 30 June 2012.

**Contractual commitments**

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2013 or 30 June 2012.

**Change in comparatives**

In the current year, the parent entity has changed the presentation method relating to loan balances with its subsidiaries. To ensure comparability, the comparative balances in this note have been restated as follows:

- Non-current assets increased by $3.828 million
- Non-current liabilities increased by $3.828 million

### 4 Revenue and Other Income

**Revenue from continuing operations**

| | Note | 2013 $'000s | 2012 $'000s |
|---|---|---|---|
| Sales revenue | | | |
| - Construction contract revenue | (a) | **67,365** | 60,558 |
| - Ready-to-Occupy homes | (b) | **6,982** | 38,830 |
| - Renewable energy certificates | | **18,664** | 30,000 |
| - Franchise revenue | | **1,598** | 1,247 |
| Other revenue | | | |
| - Interest revenue | | **108** | 108 |
| - Dividends received | | **-** | 48 |
| - Rental income | | **-** | 398 |
| - Other items | | **369** | 183 |
| **Total Revenue** | | **95,086** | 131,372 |

**Other Income**

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| Other Income | | |
| - Net gain on disposal of property, plant and equipment | **-** | 261 |
| **Total other income** | **-** | 261 |

**(a) Construction contract revenue**

Construction contract revenue includes $67.4m (2012: $60.6m) 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 $6.9m (2012: $38.8m) is an amount of $3.6m (2012: $13.4m) for the sale of 'Ready-to-Occupy' homes to interests associated with Mr Lev Mizikovsky. Refer to Note 24 for further details.

### 5 Expenses

The result for the year includes the following specific expenses:

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| Defined contribution plan expenses | **317** | 365 |
| Net loss on disposal of property, plant and equipment | **19** | - |
| Rental expense on operating leases | | |
| - minimum lease payments | **465** | 273 |

### 6 Remuneration of Auditors

| | Note | 2013 $ | 2012 $ |
|---|---|---|---|
| Remuneration of the auditor of the parent entity, BDO Audit Pty Ltd (including related entities), for: | | | |
| - auditing or reviewing the financial report | | **142,600** | 84,738 |
| - taxation services | | **45,438** | 14,874 |
| - other services | (a) | **117,228** | 73,431 |
| | | **305,266** | 173,043 |

#### (a) Other services

Fees for other services are comprised of general accounting services relating to QBSA, investigation of fraud (2013 year only), on-market share buyback (2012 year only), divestment of subsidiary (2012 year only) and other general accounting advice.

### 7 Income Tax Expense

#### (a) Components of tax expense

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| **Current tax expense** | | |
| Current income tax | **3,030** | 3,080 |
| Adjustments in respect of current income tax of previous years | **207** | (41) |
| **Deferred tax expense** | | |
| Relating to origination and reversal of temporary differences | **(687)** | 432 |
| | **2,550** | 3,471 |

#### (b) Reconciliation of income tax to accounting profit

| | 2013 | 2012 |
|---|---|---|
| Profit before income tax from continuing operations | **7,663** | 11,868 |
| Prima facie income tax expense at the statutory income tax rate of 30% (2012: 30%) | **2,299** | 3,560 |
| The following items have affected income tax expense for the period: | | |
| Tax effect of: | | |
| - adjustments in respect of current income tax of previous years | **207** | (41) |
| - other items | **44** | (48) |
| | **2,550** | 3,471 |

### 8 Dividends

**Dividends paid**

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| The following dividends were declared and paid: | | |
| Final dividend of 13 cents (fully franked at 30%) per fully paid share paid 5 December 2012 | **3,323** | - |
| Interim dividend of 8 cents (fully franked at 30%) per fully paid share paid 5 June 2013 | **2,045** | - |
| Final dividend of 13 cents (fully franked at 30%) per fully paid share paid 3 December 2011 | **-** | 5,112 |
| Interim dividend of 8 cents (fully franked at 30%) per fully paid share paid 5 June 2012 | **-** | 3,148 |
| **Total** | **5,368** | 8,260 |

**Total dividends per share**

| | 2013 Cents | 2012 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**

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| Proposed final fully franked ordinary dividend of 13 cents per share payable 4 December 2013 (2012: 13 cents per share). | **3,323** | 3,323 |

The proposed final dividend was declared after the end of the reporting period and therefore no liability has been provided for in the financial statements. There were no income tax consequences arising from this dividend at year end.

## 8 Dividends (continued)

**Franking account**

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| Balance of franking account at year end | **1,660** | 1,258 |
| **Adjusted for franking credits arising from:** | | |
| Payment of provision for income tax | **1,245** | 1,082 |
| The franking credits available for subsequent financial years at a tax rate of 30% | **2,905** | 2,340 |

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 (2012: $ 1.424m).

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

## 9 Cash and cash equivalents

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| Cash at bank and on hand | **4,732** | 1,641 |
| | **4,732** | 1,641 |

**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:

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| Cash and cash equivalents | **4,732** | 1,641 |
| **Balance as per consolidated statement of cash flows** | **4,732** | 1,641 |

### 10 Trade and other receivables

| | Note | 2013 $'000s | 2012 $'000s |
|---|---|---|---|
| CURRENT | | | |
| Trade receivables | | **1,368** | 3,635 |
| Construction contract progress bills receivable | | **3,514** | 2,829 |
| Provision for impairment | 10(a) | **(40)** | (40) |
| Related party receivables | 24(b) | **40** | - |
| Other receivables | | **3** | - |
| **Total current trade and other receivables** | | **4,885** | 6,424 |

**(a) Impairment of receivables**

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

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| Balance at beginning of the year | **40** | 400 |
| Provision used - receivables written off | **-** | (360) |
| **Balance at end of the year** | **40** | 40 |

**(b) Aged analysis**

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

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| 0-30 days | **4,048** | 6,178 |
| 31-60 days | **546** | 198 |
| 61-90 days (past due not impaired) | **27** | 11 |
| 91+ days (past due not impaired) | **221** | 37 |
| 91+ days (considered impaired) | **40** | 40 |
| | **4,882** | 6,464 |

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

### 11 Inventories

| | Note | 2013 $'000s | 2012 $'000s |
|---|---|---|---|
| CURRENT | | | |
| At cost: | | | |
| *Construction Work in Progress* | | | |
| - Construction work in progress | 11(a) | **4,025** | 6,392 |
| *Other inventories* | | | |
| - Finished goods | | **201** | 201 |
| - Provision for obsolete stock | | **(201)** | (201) |
| - Renewable energy certificates | | **1,735** | 2,036 |
| *Ready-to-Occupy Homes* | | | |
| - Completed | | **499** | 2,787 |
| - Under construction | | **-** | 3,016 |
| - Land | | **273** | 351 |
| *New South Wales developments* | | | |
| - Land | | **1,852** | - |
| | | **8,384** | 14,582 |

Write downs of inventories to net realisable value during the year were $ NIL (2012: $ 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.

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| Contract costs incurred plus recognised profits | **26,192** | 27,043 |
| Less: Progress claims | **(22,167)** | (20,651) |
| | **4,025** | 6,392 |

### 12 Other non-financial assets

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| CURRENT | | |
| Prepayments and other deposits | **49** | 254 |
| | **49** | 254 |

### 13 Property, plant and equipment

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| **Motor vehicles** | | |
| At cost | **637** | 614 |
| Accumulated depreciation | **(271)** | (230) |
| **Total motor vehicles** | **366** | 384 |
| **Office furniture & equipment** | | |
| At cost | **304** | 378 |
| Accumulated depreciation | **(150)** | (188) |
| **Total office equipment** | **154** | 190 |
| | **520** | 574 |

**(a) Security**

Land and buildings of $6.6m had been pledged as security for a bank loan facility with the Commonwealth Bank of Australia during the 2012 financial year. The term of the bank loan facility was for two years. These land and buildings were sold in June 2012, as approved by Shareholders at the Annual General Meeting held on 25 November 2011. The security has been released subsequent to sale. The Group has repaid the facility in full.

**(b) 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:

| | Land $'000s | Buildings $'000s | Motor Vehicles $'000s | Office Furniture & Equipment $'000s | Total $'000s |
|---|---|---|---|---|---|
| **Year ended 30 June 2012** | | | | | |
| Balance at the beginning of year | 2,976 | 3,630 | 405 | 105 | 7,116 |
| Additions | - | 59 | 149 | 146 | 354 |
| Depreciation expense | - | (100) | (110) | (58) | (268) |
| Disposals - written down value | (2,976) | (3,589) | (60) | (3) | (6,628) |
| **Balance at the end of the year** | - | - | 384 | 190 | 574 |
| **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** |

## 14 Trade and other payables

| | 2013<br>$'000s | 2012<br>$'000s |
|---|---|---|
| CURRENT | | |
| Unsecured liabilities | | |
| Trade and other payables | **7,429** | 11,313 |
| | **7,429** | 11,313 |

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

## 15 Provisions

| | 2013<br>$'000s | 2012<br>$'000s |
|---|---|---|
| CURRENT | | |
| Employee benefits | **249** | 351 |
| Other | **10** | 14 |
| | **259** | 365 |
| NON-CURRENT | | |
| Warranties | **250** | 250 |
| Employee benefits | **35** | 35 |
| | **285** | 285 |

| | Warranties<br>$'000s | Employee Benefits<br>$'000s | Other<br>$'000s | Total<br>$'000s |
|---|---|---|---|---|
| Opening balance at 1 July 2012 | **250** | **386** | **14** | **650** |
| Provisions used | **-** | **(102)** | **(4)** | **(106)** |
| **Balance at 30 June 2013** | **250** | **284** | **10** | **544** |

**Provision for Warranties**

A provision of $250,000 at 30 June 2013 (2012: $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 Services Board is between 6 and 7 months 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.

**15 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).

**16 Tax**

**(a) Current tax liabilities**

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| Income tax payable | **1,245** | 1,082 |
| | **1,245** | 1,082 |

**(b) Recognised deferred tax assets and liabilities**

| | Note | 2013 $'000s | 2012 $'000s |
|---|---|---|---|
| Deferred tax liabilities | 16(c) | **1,208** | 1,918 |
| Deferred tax assets | 16(d) | **(377)** | (400) |
| **Net deferred tax liabilities/(assets)** | | **831** | 1,518 |

**(c) Deferred tax liability**

| | Opening Balance $'000s | Charged to Income $'000s | Closing Balance $'000s |
|---|---|---|---|
| **Deferred tax liability** | | | |
| Work in progress | 1,310 | 608 | 1,918 |
| Fair value gain | 668 | (668) | - |
| **Balance at 30 June 2012** | 1,978 | (60) | 1,918 |
| Work in progress | **1,918** | **(710)** | **1,208** |
| **Balance at 30 June 2013** | **1,918** | **(710)** | **1,208** |

## 16 Tax (continued)

### (d) Deferred tax assets

| | Opening Balance $'000s | Charged to Income $'000s | Closing Balance $'000s |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Provisions | 255 | (108) | 147 |
| Employee benefits | 126 | (10) | 116 |
| Accrued expenses | 114 | (92) | 22 |
| Plant and equipment | 146 | (112) | 34 |
| Other | 100 | (19) | 81 |
| **Balance at 30 June 2012** | 741 | (341) | 400 |
| 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** |

## 17 Issued Capital

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| 25,559,611 (2012: 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

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| At the beginning of the reporting period | **407** | 28,714 |
| Shares bought back during the year | **-** | (28,307) |
| **At the end of the reporting period** | **407** | 407 |

### 17 Issued Capital (continued)

#### (a) Movement in ordinary shares (continued)

| | 2013 No. | 2012 No. |
|---|---|---|
| At the beginning of the reporting period | **25,559,611** | 39,322,478 |
| Shares bought back during the year | | |
| - On-market share buy-back | **-** | (13,762,867) |
| At the end of the reporting period | **25,559,611** | 25,559,611 |

The Company completed an on-market share buy-back of 13,762,867 shares on 12 June 2012, 13,500,000 of these shares were purchased from Mr Lev Mizikovsky or his associates as approved at the Annual General meeting on 25 November 2011, and the remainder of the shares were bought from other shareholders participating in the on-market share buyback. Shares on issue after the buy-back and cancellation amounted to 25,559,611. Shares were bought back at $2.06.

#### (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 Services Authority.

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.

During the 2012 financial year, the Group completed an on-market share buy-back which had received Shareholder approval at the Annual General Meeting held on 25 November 2011. Approval enabled the Group to acquire and cancel 13,762,867 shares, of which 13,500,000 could be purchased from interests associated with Mr. Lev Mizikovsky. The completion of this on-market share buy-back resulted in the reduction of ordinary shares on issue by 35%. The Group, prior to the on-market share buy-back had 39,322,478 Ordinary Shares on issue, the number of Ordinary Shares on issue is now 25,559,611.

#### (c) Dividend Re-investment Plan

Tamawood established a Dividend Re-investment Plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash. Shares are issued under the plan at 3% discount to the weighted average ex-dividend quoted market price for the five business days following ex-dividend quotation.

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

## 18 Reserves

### (a) Asset revaluation reserve

The asset revaluation reserve records gains on the revaluation of property, plant and equipment recorded at fair value.

The asset revaluation reserve was transferred to retained earnings on disposal of land and buildings during the 2012 financial year. Shareholder approval was received at the Annual General Meeting held on 25 November 2011, for the disposal of these land and buildings. Land and buildings were sold at valuation.

## 19 Controlled Entities

| | Country of Incorporation | Percentage Owned (%)* 2013 | Percentage Owned (%)* 2012 |
|---|---|---|---|
| **Parent Entity:** | | | |
| Tamawood Limited | Australia | **-** | - |
| **Subsidiaries:** | | | |
| Affordable Homebuilding Solutions Pty Ltd | Australia | **100%** | 100% |
| Dixon Build Pty Ltd | Australia | **100%** | 100% |
| Dixon NSW Pty Ltd[1] | Australia | **77.5%** | - |
| Dixon Projects Pty Ltd | Australia | **100%** | 100% |
| DixonRes Pty Ltd | Australia | **100%** | 100% |
| DixonSeq Pty Ltd | Australia | **100%** | 100% |
| Dixon Systems Pty Ltd | Australia | **100%** | 100% |
| High Level Marketing Pty Ltd | Australia | **100%** | 100% |
| SolarpowerRex Pty Ltd[2] | Australia | **70%** | 70% |
| SolarRex Limited[2] | Australia | **70%** | 70% |
| Tamawood Commercial Property Pty Ltd | Australia | **100%** | 100% |
| Tamawood Finance Pty Ltd | Australia | **100%** | 100% |
| Tamawood Research & Development Pty Ltd | Australia | **100%** | 100% |
| Tamawood SEQ Franchise Pty Ltd | Australia | **100%** | 100% |
| Tamawood Services Pty Ltd | Australia | **100%** | 100% |
| Tamawood Share Scheme Pty Ltd | Australia | **100%** | 100% |
| **Control lost over entities in the prior year** | | | |
| Resiweb Limited[3] | Australia | **-** | - |

* Percentage of voting power is in proportion to ownership

**[1] Dixon NSW Pty Ltd**

Dixon NSW Pty Ltd was incorporated on 25 October 2012. The remaining shares are owned by the Chairman of Tamawood Limited, Mr Robert Lynch (5%), and the General Manager and Director of Dixon NSW Pty Ltd, Mr Paul Hogan (17.5%).

**[2] SolarRex Limited**

On 19 July 2011 SolarRex Limited ('SolarRex') was incorporated with a total share capital of 700 of $1 ordinary shares, fully paid and beneficially owned. Subsequently, further shares were issued, and transferred to Mr Geoff Acton (25%), Mr Kerry Daly (2.5%) and Mr Rade Dudurovic (2.5%) resulting in 1,000 ordinary shares of $1.00 each being on issue.

**19 Controlled Entities (continued)**

The issue of shares to Mr Acton replaced his percentage of profits and or losses which he was entitled to receive as part of his remuneration package which expired on 30 June 2011. The share allotment in SolarRex forms part of his remuneration to continue to manage the Renewable Energy trading business. Mr Acton receives no commission under the terms of his new service agreement.

The issue of shares to Mr Daly and Mr Dudurovic was to provide a level of remuneration, as Mr Daly and Mr Dudurovic received no remuneration in the form of Directors' fees in their capacity as Directors of SolarRex.

During the 2013 financial year, additional shares in SolarRex were issued to Mr Rade Dudurovic and Ms Cleopatra Jackson as consideration for services provided in their position of Director (1.5% of issued shares) and Company Secretary (3.5% of issued shares) respectively. Subsequently, during the 2013 financial year, Mr Daly and Ms Jackson's shares in SolarRex were bought-back by the company when they ceased in their respective positions with SolarRex and the Tamawood Group.

**[3] Resiweb Limited**

On 1 April 2012, the Group divested its equity interest in the subsidiary Resiweb Limited ('Resiweb') by way of an in-specie distribution to Tamawood shareholders. The distribution was on a 1 for 1 basis, and there was no value placed on the Resiweb shares.

Resiweb continues to be responsible for the on-going support of Tamawood's project management software including, back-office and client interface processes.

**20 Capital and Leasing Commitments**

**(a) Operating Leases**

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| Minimum lease payments under non-cancellable operating leases: | | |
| - not later than one year | **463** | 438 |
| - later than one year but not later than five years | **851** | 1,255 |
| | **1,314** | 1,693 |

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 acquired call options in March 2013 in relation to the purchase of two lots of land in Ropes Crossing NSW and, in turn, granted put options to the original holder of the land. The total exercise price of the call and put options is $440,000. The call options were due to expire on 16 September 2013. The put option period commences the next business day after the call option expiry date and ends 12 months from the commencement of the put option period.

The Group had no other significant capital expenditure or lease commitments at the reporting date (2012: None).

## 21 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2013 (30 June 2012: None) except as follows:

Tamawood Limited has entered into a Deed of Guarantee and Indemnity for the performance of the subsidiary, Solarpowerex Pty Ltd's obligation under a Small Scale Technology Certificate Fixed Volume agreement. This agreement is due to expire in December 2013.

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.

## 22 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 2012 financial year, the "Ready-to-Occupy" inventories were reduced from $27m in assets to $6m, 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;

### 22 Operating Segments (continued)

**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.

**(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
- The consolidated entity owned its owned premises until June 2012 which were used by all segments to derive revenue. The allocation of building, plant and equipment across the segments would be on an arbitrary basis.

**(f) Geographical information**

The consolidated entity only operates within Australia and New Zealand.

**(g) Major customers**

Except for sales to associated interests of Mr Lev Mizikovsky in the 2012 year as disclosed in Note 24, no single customer of the Group accounts for more than 10% of the Group's revenues from external customers.

# Notes to the Financial Statements
## For the Year Ended 30 June 2013

### 22 Operating Segments (continued)

#### (h) Segment performance

| | | Construction QLD | | Construction NSW | | Ready-to-Occupy | | Franchises | | Renewable Energy | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| **Revenue** | **Note** | **$'000s** | **$'000s** | **$'000s** | **$'000s** | **$'000s** | **$'000s** | **$'000s** | **$'000s** | **$'000s** | **$'000s** | **$'000s** | **$'000s** |
| Revenue from external customers | | **67,381** | 60,558 | **10** | - | **7,048** | 39,244 | **1,625** | 1,263 | **18,663** | 30,001 | **94,727** | 131,066 |
| Inter-segment revenue | | **139** | 7,062 | **-** | - | **-** | 536 | **1,495** | 1,041 | **-** | - | **1,634** | 8,639 |
| Interest revenue | | **73** | 58 | **-** | - | **-** | 15 | **7** | 5 | **1** | 11 | **81** | 89 |
| **Total segment revenue** | | **67,593** | 67,678 | **10** | - | **7,048** | 39,795 | **3,127** | 2,309 | **18,664** | 30,012 | **96,442** | 139,794 |
| **Net profit/(loss) before tax *** | | **5,815** | 3,745 | **(26)** | - | **792** | 5,719 | **1,127** | 592 | **564** | 777 | **8,272** | 10,833 |
| Depreciation | | **101** | 96 | **1** | - | **1** | 109 | **94** | 38 | **4** | 2 | **201** | 245 |
| **Segment assets** | | | | | | | | | | | | | |
| Total segment assets | | **18,796** | 17,567 | **2,257** | - | **837** | 6,655 | **1,975** | 1,519 | **2,196** | 5,487 | **26,061** | 31,228 |
| **Segment liabilities** | | | | | | | | | | | | | |
| Total segment liabilities | | **7,726** | 8,048 | **1,975** | - | **2,602** | 8,091 | **803** | 636 | **1,919** | 4,943 | **15,025** | 21,718 |

*** For segments not owned wholly by the Group, net profit/(loss) before tax is attributable to:**

| | 2013 | 2012 |
|---|---|---|
| | **$'000s** | **$'000s** |
| **Construction NSW - profit/(loss) before tax attributable to:** | | |
| - Members of the parent entity | **(20)** | - |
| - Non-controlling interests | **(6)** | - |
| **Renewable Energy - profit/(loss) before tax attributable to:** | | |
| - Members of the parent entity | **369** | 544 |
| - Non-controlling interest | **195** | 233 |

### 22 Operating Segments (continued)

#### (i) Reconciliations

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

| | 2013 | 2012 |
|---|---|---|
| | $'000s | $'000s |
| Total segment revenue | **96,442** | 139,794 |
| Intersegment eliminations | **(1,634)** | (8,639) |
| Other revenue not included in segments | **278** | 217 |
| **Total revenue** | **95,086** | 131,372 |

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

| | 2013 | 2012 |
|---|---|---|
| Segment net profit before income tax | **8,272** | 10,833 |
| Legal costs paid by parent entity not included in segments | **-** | (742) |
| Unallocated amounts not included segment results | **(884)** | (334) |
| (Elimination) / Recognition of profit on consolidation | **275** | 2,111 |
| **Total net profit before tax** | **7,663** | 11,868 |

*Reconciliation of segment assets to the consolidated statement of financial position*

| | 2013 | 2012 |
|---|---|---|
| Segment assets | **26,061** | 31,228 |
| Intersegment eliminations | **(7,830)** | (10,306) |
| Other unallocated assets | | |
| - Cash and cash equivalents | **219** | 447 |
| - Trade and other receivables | **101** | 1,887 |
| - Property, plant and equipment | **15** | 48 |
| - Other amounts | **4** | 3 |
| **Total assets per the consolidated statement of financial position** | **18,570** | 23,307 |

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

| | 2013 | 2012 |
|---|---|---|
| Segment liabilities | **15,025** | 21,718 |
| Intersegment eliminations | **(3,278)** | (6,247) |
| Other unallocated liabilities | | |
| - Current tax liabilities | **(1,686)** | (603) |
| - Deferred tax liabilities | **(7)** | (401) |
| - Other amounts | **(5)** | (72) |
| **Total liabilities per the consolidated statement of financial position** | **10,049** | 14,395 |

### 23 Cash Flow Information

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

| | Note | 2013 $'000s | 2012 $'000s |
|---|---|---|---|
| Profit after income tax for the year | | **5,113** | 8,397 |
| Adjustments for non-cash items in profit: | | | |
| - depreciation | | **212** | 268 |
| - net loss on disposal of property, plant and equipment | | **19** | 261 |
| - Other | | **13** | (81) |
| Net changes in assets and liabilities: | | | |
| - (increase)/decrease in trade and other receivables | | **1,579** | 1,416 |
| - (increase)/decrease in other assets | | **205** | 14 |
| - (increase)/decrease in inventories | 23(b) | **6,198** | 99 |
| - increase/(decrease) in trade and other payables | | **(3,884)** | (2,962) |
| - increase/(decrease) in income taxes payable | | **163** | 115 |
| - increase/(decrease) in deferred tax liabilities | | **(687)** | 281 |
| - increase/(decrease) in provisions | | **(106)** | (19) |
| **Net cash from operating activities** | | **8,825** | 7,789 |

**(a) Reconciliation of on-market share buy-back**

| | Note | 2013 $'000s | 2012 $'000s |
|---|---|---|---|
| Shares bought back in year | | **-** | (28,307) |
| Non-cash impact of shares bought back from Mr Lev Mizikovsky | 23(c) | **-** | 27,812 |
| **Net cash paid for buy-back of shares** | | **-** | (495) |

**(b) Reconciliation of movement in inventories**

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| Decrease in inventories per the Consolidated Statement of Financial Position | **6,198** | 21,089 |
| Less: non-cash impact of sale of inventories to Mr Lev Mizikovsky and sales of inventories financed by a company associated with Mr Lev Mizikovsky | **-** | (20,990) |
| **Net (increase)/decrease in inventories** | **6,198** | 99 |

**(c) Non-cash transactions with Mr Lev Mizikovsky**

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| **Amounts owing to Mr Mizikovsky** | | |
| - Shares bought back | **-** | (27,812) |
| **Amounts owing by Mr Mizikovsky:** | | |
| - Sales of Ready-to-Occupy homes and sales of Ready-to-Occupy homes to third parties financed by Mr Mizikovsky | **-** | 20,990 |
| - Sale of three commercial properties included in property, plant and equipment | **-** | 6,820 |
| - Other | **-** | 2 |
| **Net amount (owing to)/owed by Mr Mizikovsky** | **-** | - |

## 24 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.

### (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.

For details of remuneration disclosures relating to key management personnel, refer to Note 25: Interests of Key Management Personnel (KMP) and the remuneration report in the Directors' Report.

Other transactions with KMP and their related entities are shown below.

### (b) Transactions with related parties

**On-Market Share buy-back - Mr Lev Mizikovsky**

During the 2012 financial year, Tamawood purchased 13,500,000 shares from interests associated with Mr Lev Mizikovsky ("Mizikovsky") at a price of $2.06 per share (total $27,810,000) as part of the on-market share buy-back undertaken by the Company on 12 June 2012. The on-market share buy-back was approved by shareholders of the Company for the purposes of section 257C Corporations Act 2001 (Cth) at the Annual General Meeting of the Company on 25 November 2011 ("AGM").

At the AGM, shareholders of the Company also approved the sale of up to 13,500,000 shares by Mizikovsky to the Company as part of the on-market share buy-back on exactly the same terms offered to all other shareholders. The approval was given pursuant to Listing Rule 10.1 which requires that where a director intends to dispose of a substantial asset to the Company (that is, an asset with a value of more than 5% of the net equity interests of the Company), shareholder approval must be sought, and shareholders must be provided with an independent experts report prior to voting on the matter which provides an opinion as to the fairness and reasonableness of the proposed transaction.

PKF Corporate Advisory (East Coast) Pty Limited ABN 70 050 038 170 ("PKFCA") prepared the required independent expert's report which concluded that the purchase of up to 13,500,000 shares from Mizikovsky as part of the on-market share buy-back in the price range at which the buy-back took place was fair and reasonable to all shareholders. A full copy of the report is available from the Company on request. Accordingly, the terms on which the shares were purchased from Mizikovsky were no more favourable to Mizikovsky than would be reasonable in the circumstances if the Company and Mizikovsky were dealing at arm's length. Further, the terms of the buy-back have been approved by shareholders of the Company and deemed fair and reasonable by PKFCA for the reasons set out in the independent expert's report.

**Sale of properties - Mr Lev Mizikovsky**

During the year, the Group sold 12 Ready-to-Occupy homes (2012: 38 Ready-to-Occupy homes and 3 commercial properties) to Mizikovsky as approved by the shareholders at the 2012 AGM. The total funds received for these properties was $3,945,000 (2012: $21,583,000) inclusive of GST. At the 2011 AGM, shareholders of the Company approved the purchase of up to 141 Ready-to-Occupy homes and three commercial properties with the following addresses, 1821 Ipswich Road, Rocklea, QLD, 50 Lawrence Drive, Nerang, QLD and 992 Gympie Road, Chermside, QLD by Mizikovsky pursuant to Listing Rule 10.1 which required that where a director intends to purchase a substantial asset from the Company (that is, an asset with a value of more than 5% of the net equity interests of the Company), shareholder approval must be sought, and shareholders must be provided with an independent experts report prior to voting on the matter which provides an opinion as to the fairness and reasonableness of the proposed transaction.

### 24 Related Party Transactions (continued)

#### (b) Transactions with related parties (continued)

Chesterton Valuations (Qld) Pty Ltd trading as Chesterton Corporate Property Advisers ABN 96 108 543 415 ("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 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. A full copy of the report and the valuation are available from the Company on request.

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.

During the 2012 financial year, there were 18 Ready-to-Occupy houses sold to third parties with sales of $6,521,864 exclusive of GST which were financed by Mizikovsky.

*(i) Sale of goods and services*

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| *Key management personnel:* | | |
| **Mr L Mizikovsky - Non-executive Director** | | |
| - Sale of 12 (2012: 38) Ready-to-Occupy homes in QLD from Tamawood Commercial Property Pty Ltd[1] | **3,586,364** | 13,420,909 |
| - Sale of 1821 Ipswich Road, Rocklea, QLD from Tamawood Commercial Property Pty Ltd[1] | **-** | 5,400,000 |
| - Sale of 992 Gympie Road, Chermside, QLD from Tamawood Commercial Property Pty Ltd[1] | **-** | 1,000,000 |
| - Sale of 50 Lawrence Drive, Nerang, QLD from Tamawood Commercial Property Pty Ltd[1] | **-** | 420,000 |
| - 21 construction contracts with an average price of $105,590 per contract were entered into with Dixonbuild Pty Ltd. 20 of the contracts are still in progress at 30 June 2013 | **1,458,583** | - |
| **Mr A Thomas - Non-executive Director** | | |
| - Royalties received by Dixon Systems Pty Ltd under franchise agreement | **364,803** | 264,715 |

[1] These properties were sold as per valuation as approved at the Annual General Meeting held 25 November 2011.

**24 Related Party Transactions (continued)**

**(b) Transactions with related parties (continued)**

*(ii) Purchase of goods and services*

| | 2013 $ | 2012 $ |
|---|---|---|
| *Key management personnel:* | | |
| **Mr L Mizikovsky - Non-executive Director** | | |
| - Rental payments for the premises 1821 Ipswich Road, Rocklea | **94,158** | - |
| - Rental payments for the premises 992, Gympie Road, Chermside | **132,000** | - |
| - Rental payments for the premises Unit 1, 50 Lawrence Drive, Nerang | **38,400** | - |
| - Rental payments for the premises 241 Milton Road, Milton QLD | **-** | 43,159 |
| - Payments and other costs for use of premises in Cairns | **-** | 73,973 |
| **Mr A Thomas - Non-executive Director** | | |
| - Payments for the purchase of renewable energy certificates | **101,340** | 162,362 |

*(iii) Outstanding balances*

| | 2013 $ | 2012 $ |
|---|---|---|
| *Key management personnel:* | | |
| **Mr L Mizikovsky - Non-executive Director** | | |
| - Debtors account relating to building contracts with Dixonbuild Pty Ltd | **769,220** | - |
| - Work in progress inventory balance attributable to 20 construction contracts in progress | **297,100** | - |
| **Mr A Thomas - Non-executive Director** | | |
| - Debtors account relating to Dixon Systems Pty Ltd for royalties | **18,615** | 107,836 |
| - Debtors account relating to SolarPowerRex Pty Ltd for generation of renewable energy certificates | **142** | 2,940 |
| **Mr G Acton - Company Secretary** | | |
| - Loan advanced to Mr Acton to be repaid from future dividends | **40,000** | - |

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 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.

### 25 Key Management Personnel Disclosures

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

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **Short-term employee benefits** | | |
| Cash, salary & fees | **819,228** | 1,235,285 |
| Non-cash benefits | **18,624** | 21,412 |
| **Long-term benefits** | **5,018** | 6,586 |
| **Post-employment benefits** | | |
| Superannuation | **72,161** | 83,993 |
| **Share-based payments** | **4,200** | - |
| | **919,231** | 1,347,276 |

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 2013.

**Key management personnel shareholdings**

| | Balance at beginning of year<br>No. | Purchased / (Sold)<br>No. | On-Market Share Buy-Back<br>No. | Balance at end of year<br>No. |
|---|---|---|---|---|
| **30 June 2013** | | | | |
| **Directors** | | | | |
| L Mizikovsky | 14,695,447 | 200,000 | - | 14,895,447 |
| R Lynch | 532,052 | - | - | 532,052 |
| A Thomas | 586,004 | - | - | 586,004 |
| R Dudurovic | 102,680 | (100,000) | - | 2,680 |
| **Other KMP** | | | | |
| T Bartholomaeus | 563,001 | - | - | 563,001 |
| G Acton | 83,943 | (70,300) | - | 13,643 |
| | 16,613,127 | 29,700 | - | 16,642,827 |
| **30 June 2012** | | | | |
| **Directors** | | | | |
| L Mizikovsky | 29,395,447 | (1,200,000) | (13,500,000) | 14,695,447 |
| R Lynch | 32,052 | 500,000 | - | 532,052 |
| A Thomas | 536,004 | 50,000 | - | 586,004 |
| R Dudurovic | 1,680 | 101,000 | - | 102,680 |
| KJ Daly (resigned 25 November 2011)* | 127,903 | - | - | 127,903 |
| **Other KMP** | | | | |
| T Bartholomaeus | 63,001 | 500,000 | - | 563,001 |
| C Jackson^ | 3,505 | 46,495 | - | 50,000 |
| G Acton | 35,000 | 48,943 | - | 83,943 |
| M Fennell^ | 67,079 | (65,079) | - | 2,000 |
| | 30,261,671 | (18,641) | (13,500,000) | 16,743,030 |

* Balance reported is to the date the person ceased to be a key management personnel.

^ The employee was not classified as a key management personnel during the 2013 financial year.

### 26 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 72% (2012: 55%) of the Group's current trade debtors were individual contracts which were secured by external lending institutions. The largest single construction debtor was approximately $145,580 (2012: $117,000) and the amount will be received as per agreement on 1 July 2013. The remainder of the Group's current trade debtors is represented by debtors of the Renewable Energy business. The largest debtor was for $503,623 (2012: $1,742,785 and the amount was received on 2 July 2013. 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 debtors 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 as indicated 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 10. Refer to Note 10 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.

### 26 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 (eg. 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 Services Authority. 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.

| | 2013 | 2012 |
|---|---|---|
| | $'000s | $'000s |
| Current assets | **18,050** | 22,901 |
| Current liabilities | **(8,933)** | (12,760) |
| **Working capital** | **9,117** | 10,141 |

The table below reflect 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 * | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s |
| **Financial liabilities due for payment** | | | | | | | | |
| Trade and other payables | **7,429** | 11,313 | **-** | - | **-** | - | **7,429** | 11,313 |
| Total contractual outflows | **7,429** | 11,313 | **-** | - | **-** | - | **7,429** | 11,313 |

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

## 26 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 and foreign currency 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% and -1% (2012: +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.

| | 2013 | | 2012 | |
|---|---|---|---|---|
| **Consolidated** | **$'000s** | | **$'000s** | |
| | **+1%** | **-1%** | **+1%** | **-1%** |
| Profit | 47 | (47) | 16 | (16) |
| Equity | 47 | (47) | 16 | (16) |

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.

## 27 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.

### 28 Earnings per Share

**(a) Earnings used to calculate overall earnings per share**

| | 2013 $'000s | 2012 $'000s |
|---|---|---|
| Profit attributable to members of the parent entity used in the calculation of basic and diluted | **4,970** | 8,259 |

**(b) Weighted average number of shares used**

| | 2013 No. | 2012 No. |
|---|---|---|
| Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS | **25,559,611** | 38,643,761 |

### 29 Company Details

The registered office of the company is:

Tamawood Limited
1821 Ipswich Road
Rocklea
Brisbane QLD 4074

The principal places of business are:

**Dixon Homes**
1821 Ipswich Road
Rocklea
Queensland 4106

**Dixon Homes**
199 Alexandra Parade
Alexandra Headland
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

# Directors' Declaration
## For the Year Ended 30 June 2013

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2013 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 Chief Operating Officer 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 September 2013

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Australia

# 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, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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* and for 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that 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 that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tamawood Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## 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 2013 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 Note 1.

# Report on the Remuneration Report

We have audited the Remuneration Report included on pages 7 to 10 of the directors' report for the year ended 30 June 2013. 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.

## Opinion

In our opinion, the Remuneration Report of Tamawood Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

**BDO Audit Pty Ltd**

BDO

**D P Wright**

Director

Brisbane, 27 September 2013

# 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 10 September 2013.

### 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 | 4,058,220 |
| NOWCASTLE PTY LTD | 1,285,604 |

### Voting rights

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 Group.

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

### Distribution of equity security holders

| Holding | No. of Shares | No. of Holders |
|---|---|---|
| 1 - 1,000 | 110,844 | 195 |
| 1,001 - 5,000 | 1,233,919 | 406 |
| 5,001 - 10,000 | 1,401,469 | 177 |
| 10,001 - 100,000 | 3,293,474 | 144 |
| 100,000 and over | 19,519,905 | 20 |
| **Total** | **25,559,611** | **942** |

There were 27 holders of less than a marketable parcel (171 shares based on the market price of $2.94 as at 10 September 2013) of ordinary shares and they held 729 shares.

# Shareholder Information

**Twenty largest shareholders**

| | Number held | % of issued shares |
|---|---|---|
| RAINROSE PTY LTD | 7,272,685 | 28.5 |
| ANKLA PTY LTD | 4,058,220 | 15.9 |
| CITICORP NOMINEES PTY LIMITED | 1,623,863 | 6.4 |
| NOWCASTLE PTY LTD | 1,285,604 | 5.0 |
| NATIONAL NOMINEES LIMITED | 1,143,270 | 4.5 |
| RIPELAND PTY LTD | 546,579 | 2.1 |
| BART INC FAMILY TRUST | 500,000 | 2.0 |
| R&S LYNCH SUPERNNUATION FUND | 500,000 | 2.0 |
| STODDART BUILDING PRODUCTS PTY LTD | 473,825 | 1.9 |
| AB THOMAS SUPER FUND | 375,225 | 1.5 |
| SUPERFUN SUPERFUND | 323,704 | 1.3 |
| GENERAL PACKAGING PTY LTD | 200,000 | 0.8 |
| BRADSHAW PTY LTD | 193,814 | 0.8 |
| SUNSTAR AUSTRALIA PTY LTD | 185,763 | 0.7 |
| J P MORGAN NOMINEES AUSTRALIA LIMITED | 168,564 | 0.7 |
| ANDREW THOMAS | 160,000 | 0.6 |
| MR LEV MIZIKOVSKY | 151,101 | 0.6 |
| ROLLEE PTY LTD | 141,688 | 0.6 |
| MR FRANK SIEW KHOON MOK | 110,000 | 0.4 |
| PLASTERITE NO 1 PTY LTD | 106,000 | 0.4 |
| **Total** | **19,519,905** | **76.7** |

**Securities exchange**

The Company is listed on the Australian Securities Exchange.

**Share registry**

The register of holders of ordinary shares of the Company is kept at the office of Link Market Services Limited, ANZ Building, Level 15, 324 Queen Street, Brisbane Queensland 4000.