

28 November 2013

Chairman's Address

The financial year ending 30 June 2013 has been a very busy year. The main achievement for 2013 was the successful completion of the buy-back at the end of June 2012. With the completion of the ready-to-occupy program the buy-back maintained our EPS at 19.44 cents based on a profit after tax of \$4.97 million for June 2013.

The Board believes this is an excellent result for the 2013 financial year given market conditions and will pay 13 cents fully franked final dividend next week.

The group remains debt free with in excess of \$6 million in reserves as at 25 November 2013.

Outlook

Market conditions in Queensland remain difficult but we have seen the early signs of recovery in the past 3 months. Since February we have witnessed an increase in preliminary enquiries, however, the time taken to convert these enquiries into sales is taking much longer than historical trends. This increased lag has been recently reported by other companies, namely Lend Lease and Stockland. We do not believe we will lose these enquiries and will convert these sales in the future. The Sydney franchise which is 77.5% owned by Tamawood will open its first two sales offices in the next month. There has already been in excess of 20 sales and there are very positive signs in this market. The Sydney operation is expected to make a positive contribution to profits in the current financial year which is its first year of operation. The board believes that as the Sydney franchise is settled in to the business we will be in a position to investigate expansion into other markets where we do not currently operate. This would be done on a similar basis to Sydney. The franchise business as a whole is on target to deliver similar profit levels to 2013.

The ready-to-occupy program has been completed and will not contribute significant revenue to the 2014 result. The SolarpowerRex business has been restructured and a declining volume of STC's will reduce its profit contribution compared to previous years.

Based on our current information and subject to no other adverse market conditions, the Board believes it will be able to continue its 21 cent fully franked dividend payment for the 2014 financial year.

ENDS

Robert Lynch
Chairman

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