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Tamawood Limited

ABN 56 010 954 499

Interim Financial Statements

For the Half Year Ended 31 December 2020

ABN 56 010 954 499

ASX Code: TWD

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For the Half Year Ended 31 December 2020

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Chairman's Letter

For the Half Year Ended 31 December 2020

Tamawood has recorded a net profit after tax result of \$3.159 million for the half year ended December 2020 (December 2019: \$1.768 million) an increase of 78%. TWD proposes to pay an interim fully franked dividend of 11 cents based on the 2020 first half result in March 2021. The first half FY21 would have been a better improvement on first half FY20 if not for delays in contract signings caused by the introduction of the Federal Government 'HomeBuilder' Grant, due to the initial lack of clarity as to its conditions and consequently the late release of application forms.

As previously announced, TWD has recorded significant sales increases due to the 'HomeBuilder' Grant and ordinarily as a result, the Board would expect that TWD would easily restore the total fully franked dividends of 27 cents for the 2021 financial year.

Unfortunately, as I have previously advised and discussed in the Financial Review, the industry may experience a number of issues due to the conditions and timing of the 'Homebuilder' Grant introduction.

- There may be significant delays in build times caused by a shortage of subcontractors as all builder's source trades from the same pool of labour;
- There may be a shortage of materials as local manufacturing capacity is limited;
- There may be delays with the importation of Australian approved building materials and;
- Many Builders may experience cash flow issues due to delays in construction.

Our Directors, Management and Staff have done everything we identified as necessary to mitigate these issues and believe that we are in a better position than most, being debt free with long standing supply and trade relationships and fully digitized enterprise management systems. However, we will continue to monitor this position closely as there is no doubt there will be an impact within the industry and we cannot predict how and when we will be affected.



Robert Lynch

Non-executive Chairman

Dated 12 February 2021

Directors' Report

For the Half Year Ended 31 December 2020

Your Directors present their report on Tamawood Limited ("Tamawood") and its controlled entities ("the Group") for the half year ended 31 December 2020.

1. General information

Directors

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

Names	Position
Mr Robert Lynch	Non-executive Chairman
Mr Lev Mizikovsky	Non-executive Director
Mrs Laurie Lefcourt	Non-executive Director / Chairperson of the Audit Committee
Mrs Linda Horgan	Non-executive Director
Mr Tim Bartholomaeus	Managing Director

Directors have been in office since the start of the half year to the date of this report unless otherwise stated.

Company secretaries

- Geoff Acton (B.Com, CA, GAICD)
- Narelle Lynch (Cert Gov Prac)

Principal activities and significant changes in nature of activities

During the half year the principal continuing activities of the Group consisted of:

- Contract home construction, home design and other associated activities in Australia.
- franchising and licensing operations.
- generating and trading of renewable energy certificates associated with solar products.

There were no significant changes in the nature of the Group's principal activities during the half year.

2. Operating results and review of operations for the year

(a) The Result

Tamawood recorded a net profit after tax of \$3.159 million for the half year ended December 2020 (December 2019: \$1.768 million increase of 78.6%).

Please refer to the Chairman's Letter for update on Tamawood's operating results.

Directors' Report

For the Half Year Ended 31 December 2020

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the half year.

Events after the reporting date

There are no matters or circumstances that have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

ASIC Corporations Instrument 2016/191 rounding of amounts

The Group has applied the relief available to it in ASIC Corporations Instrument 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2020 has been received and can be found on page 5 of the financial report.

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



Robert Lynch

Non-executive Chairman

Dated 12 February 2021

The Directors
Tamawood Limited
1821 Ipswich Road
ROCKLEA QLD 4106

Auditor's Independence Declaration

As lead auditor for the review of Tamawood Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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

William Buck

William Buck (Qld)
ABN 21 559 713 106

M. Monaghan

M J Monaghan
Director

Brisbane 12 February 2021

ACCOUNTANTS & ADVISORS

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2020

		31 December 2020	31 December 2019
	Note	\$'000s	\$'000s
Revenue	2	45,630	48,048
Other income	2	203	87
Labour, raw materials and consumables used		(36,107)	(39,388)
Accrued expenses adjustment (Unbilled)		1,231	119
Employee benefits expense		(3,671)	(3,658)
Lease Interest Expense		(106)	(124)
Depreciation expense		(604)	(593)
Advertising		(372)	(203)
Consultancy		(322)	(300)
Rent expense		(42)	(89)
Other operating expenses		(1,327)	(1,363)
Profit before income tax		4,513	2,536
Income tax expense		(1,354)	(768)
Profit for the half year		3,159	1,768
Other comprehensive income for the half year		-	-
Total comprehensive income for the half year		3,159	1,768
Profit/(loss) attributable to:			
Members of the parent entity		3,159	1,768
Total comprehensive income attributable to:			
Members of the parent entity		3,159	1,768
Earnings per share			
Basic earnings per share (cents)		11.26	6.40
Diluted earnings per share (cents)		11.26	6.40

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Tamawood Limited

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Consolidated Statement of Financial Position

As At 31 December 2020

	31 December 2020 \$'000s	30 June 2020 \$'000s
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	8,230	8,163
Trade and other receivables	3,550	5,469
Uninvoiced completed works	12,737	10,742
Inventories - STC (Renewable energy certificates)	188	152
Other inventories	663	661
Prepayments and other deposits	521	105
Current tax assets	175	-
TOTAL CURRENT ASSETS	26,064	25,292
NON-CURRENT ASSETS		
Investments in associates	358	815
Property, plant and equipment	787	634
Right of use assets	4,447	4,681
Deferred tax assets	471	434
TOTAL NON-CURRENT ASSETS	6,063	6,564
TOTAL ASSETS	32,127	31,856
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	2,814	3,067
Accrued expenses (Unbilled)	2,200	3,432
Lease liabilities (Current)	950	808
Provisions	643	612
Current tax liabilities	-	14
TOTAL CURRENT LIABILITIES	6,607	7,933
NON-CURRENT LIABILITIES		
Lease liabilities (Non-current)	3,779	4,071
Provisions	313	293
Deferred tax liabilities	3,821	3,223
TOTAL NON-CURRENT LIABILITIES	7,913	7,587
TOTAL LIABILITIES	14,520	15,520
NET ASSETS	17,607	16,336

Tamawood Limited

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Consolidated Statement of Financial Position

As At 31 December 2020

	Note	31 December 2020 \$'000s	30 June 2020 \$'000s
EQUITY			
Issued capital	5	9,626	7,647
Reserves		(479)	(479)
Retained earnings		8,312	9,020
Total equity attributable to equity holders of Tamawood Limited		17,459	16,188
Non-controlling interest		148	148
TOTAL EQUITY		17,607	16,336

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Tamawood Limited

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Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2020

31 December 2020

Note	Ordinary Shares \$'000s	Retained Earnings \$'000s	General Reserves \$'000s	\$'000s	Non-controlling Interests \$'000s	Total \$'000s
	7,647	9,020	(479)	16,188	148	16,336
Balance at 1 July 2020						
Comprehensive income for the half year						
Profit / (Loss) for the half year	-	3,159	-	3,159	-	3,159
Other comprehensive income for the half year	-	-	-	-	-	-
Total comprehensive income for the half year	-	3,159	-	3,159	-	3,159
Transactions with owners in their capacity as owners						
Share issued during the half year	1,979	-	-	1,979	-	1,979
Dividends paid or provided for	4	(3,867)	-	(3,867)	-	(3,867)
Balance at 31 December 2020	9,626	8,312	(479)	17,459	148	17,607

31 December 2019

Note	Ordinary Shares \$'000s	Retained Earnings \$'000s	General Reserves \$'000s	\$'000s	Non-controlling Interests \$'000s	Total \$'000s
	7,647	4,682	(479)	11,850	148	11,998
Balance at 1 July 2019						
Cumulative adjustment upon change in accounting policies (AASB 16)	-	(139)	-	(139)	-	(139)
Comprehensive income for the half year						
Profit / (Loss) for the half year	-	1,768	-	1,768	-	1,768
Other comprehensive income for the half year	-	-	-	-	-	-
Transactions with owners in their capacity as owners						
Balance at 31 December 2019	7,647	6,311	(479)	13,479	148	13,627

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2020

	31 December 2020 \$'000s	31 December 2019 \$'000s
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (including GST)	48,373	50,421
Payments to suppliers and employees (including GST)	(45,149)	(47,689)
Interest received	9	20
Lease interest paid	(106)	(124)
Income tax paid	(982)	(1,012)
Net cash provided by operating activities	<u>2,145</u>	<u>1,616</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	26	(37)
Purchase of property, plant and equipment	(286)	-
Net cash (used by) / provided by investing activities	<u>(260)</u>	<u>(37)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of lease liabilities	(413)	(420)
Dividends paid by the parent entity	(1,405)	-
Net cash used by financing activities	<u>(1,818)</u>	<u>(420)</u>
Net increase / (decrease) in cash and cash equivalents held	67	1,159
Cash and cash equivalents at beginning of the period	<u>8,163</u>	<u>4,309</u>
Cash and cash equivalents at end of the half year	<u><u>8,230</u></u>	<u><u>5,468</u></u>

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

This condensed interim financial report for the half year reporting period ended 31 December 2020 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Tamawood Limited and controlled entities ("the Group"). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the half year.

Rounding of amounts

The Company is an entity to which ASIC Corporations Instrument 2016/191 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Accounting Policies

Unless otherwise stated, the same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(b) New Accounting Standards Adopted by the Group

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

2 Revenue and Other Income

	31 December 2020 \$'000s	31 December 2019 \$'000s
Sales revenue		
- Construction contract revenue	42,276	40,624
- Uninvoiced completed works adjustment	2,164	1,651
- Renewable energy certificates	570	5,188
- Franchise revenue	394	320
Other revenue		
- Interest revenue	9	20
- Rental income	217	245
Total revenue	<u>45,630</u>	<u>48,048</u>
Other Income		
- Other income	32	87
- Gain on disposal of assets	171	-
Total other income	<u>203</u>	<u>87</u>

3 Operating Segments

Segment information

The Group has identified it has one operating segment 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.

4 Dividends

(a) Dividends - Interim

The following dividends were declared and paid:

Final dividend of 14 cents (fully franked at 30%) per fully paid share paid on 28 August 2020

Total

	31 December 2020 \$'000s	31 December 2019 \$'000s
	3,867	-
Total	<u>3,867</u>	<u>-</u>

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

5 Issued Capital

	31 December 2020
	000's
28,297,533 (30 June 2020: 27,612,589) Ordinary shares fully paid	9,626
	<u>9,626</u>

(a) Movement in ordinary shares

	31 December 2020
	000's
At the beginning of the reporting period	7,647
Dividend re-investment	1,828
Shares issued under the Employee Share Scheme and Customer reward program	151
At the end of the reporting period	<u>9,626</u>

	31 December 2020
	No.
At the beginning of the reporting period	27,612,589
Shares issued during the year	
- Dividend re-investment	632,544
- Employee Share Scheme and Customer reward program	52,400
At the end of the reporting period	<u>28,297,533</u>

6 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2020 (31 December 2019: None).

7 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial half 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.

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

8 Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

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 normal 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.

(a) The Group's main related parties are as follows:

(i) Key management personnel ("KMP"):

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.

AstiVita Limited (formerly AstiVita Renewables Limited) ("AstiVita") and Advance NanoTek Ltd (ANO)(formerly Advanced Nano Technologies Ltd), SenterpriSys limited and CyberguardAU Pty Ltd are deemed to be related parties of Tamawood Limited by virtue of Mr L Mizikovsky, Non-executive Director of Tamawood Limited, having a controlling interest in these the Companies. Transactions between the Group and the above related parties are disclosed below.

Transactions with Associates, KMP and their related parties, excluding remuneration, are shown below. Amounts disclosed below are rounded to the nearest dollar.

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

8 Related Parties

(b) Transactions with related parties

(i) Sale of goods and services

	31 December 2020	31 December 2019
	\$	\$
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Sales to an entity controlled by Mr L Mizikovsky - construction	432,448	269,327
- Sales to an entity controlled by Mr L Mizikovsky - insurance fees	8,693	9,920
- Sales of vehicle	-	14,909
Mr G Acton - Joint Company Secretary		
- Rent on sub-leased property	2,721	3,109
- Electricity	390	560
- Insurance fees	3,105	1,860
- Construction of property	-	74,080
Related Parties:		
AstiVita Limited		
- Sales to AstiVita for IT and administration services	1,656	7,155
- Sale to Astivita for faulty products	-	46,327
- Electricity	720	1,034
- Rent	64,753	17,497
Advance NanoTek Limited (ANO)		
- Sales to ANO for IT and administration services	3,523	100
- Sales to ANO for office supplies & consultancy	-	14,517
- Electricity	9,780	9,062
- Rent	34,940	74,073
- Sales to ANO for construction materials	-	43,036
Associates:		
SenterpriSys Limited		
- Rent on sub-leased property	12,363	13,487
- Insurance fees and other services provided by the Group	9,061	10,815
- Electricity	3,761	2,794
CyberguardAU Pty Ltd		
- Rent on sub-leased property	2,792	3,191
- Sales of professional services	-	75

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

8 Related Parties

(b) Transactions with related parties

(ii) Purchase of goods and services

	31 December 2020 \$	31 December 2019 \$
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Rental payments for premises to an entity controlled by Mr L Mizikovsky	66,560	112,069
Mr G Acton - Joint Company Secretary		
- Provision of Consulting, Secretarial & Payroll Services to subsidiaries within the Group	102,158	95,923
Related parties:		
AstiVita Limited		
- Purchase of materials including bathroom, kitchen and solar products	939,459	706,494
Associates:		
Senterprisys Limited (Formerly Resiwewb Ltd.)		
- Complete Support Services provided to the Group	484,639	341,134
CyberguardAU Pty Ltd		
- IT services	2,079	6,762
Winothai Pty Ltd		
- Management services	5,525	6,925

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

8 Related Parties

(b) Transactions with related parties

(iii) Outstanding balances

	31 December 2020	31 December 2019
	\$	\$
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Amounts receivable for construction material supplied by DixonBuild Pty Ltd	-	14,273
Mr G Acton - Joint Company Secretary		
- Amounts receivable	3,669	80,820
Related parties:		
AstiVita Limited		
- Amounts receivable	110,254	-
Advance NanoTek Limited		
- Amounts receivable	85,705	105,027
Associates:		
Senterprisys Limited		
- Amounts receivable	32,172	110

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 17 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
2. 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 made pursuant to s.303(5) of the Corporations Act 2001.



Robert Lynch

Non-executive Chairman

Dated 12 February 2021

Tamawood Limited

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Tamawood Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

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Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

William Buck

William Buck (Qld)

ABN: 21 559 713 106

M. Monaghan

M J Monaghan

Brisbane 12 February 2021

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