Tamawood Limited

ABN 56 010 954 499

Annual Report

For the Year Ended 30 June 2022

ABN 56 010 954 499
ASX Code: TWD

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For the Year Ended 30 June 2022

Chairman's Letter

The Group has recorded an after-tax result of $2.887 million which is 55.27% lower than FY21. As previously announced, on May 4th, the forecast rain did eventuate with approximately 50% of available work days, from the date of announcement, affected by inclement weather. In total 60% of days for the second half FY22 were affected by rain which combined with supply and trade shortages resulted in reduced profitability.

It is clear to the Board that demand for housing will decline with increasing interest rates, but with 50% of home Builders trading insolvent, according to Master Builders Queensland, and noticeable increase in land availability we believe we can restore and grow our market share to fully compensate for the reduction in demand.

Tamawood Debt Free Amidst Current Building Industry Crisis

- We predicted the problems in the domestic market when the Government Grant was introduced to an already buoyant market and we opposed the introduction of the grant.
- The 'Project DeRisk software's AI functionality provides additional management tools needed to address current issues:
    - Real-time rescheduling of construction tasks, improving labour and materials utilisation.
    - Reporting capability allows predict and purchase, through AstiVita Limited, of key PC Items up to 6 months in advance of installation.
    - Identifying and correcting real-time price fluctuations in both labour and material rates.
    - Quality assurance system, third party certified, provides platform for identifying and fixing potential quality issues, reducing costs of rework and maintenance and allows Tamawood to tender for insurance work with the QBCC.
- New contracts being signed at prices that the Board believes are sufficient to address rising material and labour costs.
- The acquisition of Astivita, with their supplier relationships, has further secured Tamawood's supply of PC Items needed to finish homes, and enable us to hold six months of stock and order in advance, a must considering recent global events including:
    - The rapidly evolving energy crisis, which is significantly affecting the cost and availability of building materials and P.C. items.
    - Ongoing lockdowns in China, due to Covid-19, having further negative impact on builders' ability to obtain essential products, and correctly price future work.

Future Outlook

The Board cannot predict with any confidence the next 12 months with continual inflationary pressure and further interest rate rises expected. We will however, continue to offer fixed price contracts for the reasons outlined above. We have successfully applied for and been approved as a QBCC Insurance builder to tender on incomplete builds. We will look to take advantage of potential acquisitions that may present themselves over the next 12 months and look to significantly expand our geographical area and market share.

RLynch.

Mr Robert Lynch
Non-Executive Chairman

Dated: 24 August 2022

Managing Director's Report

The result for FY22 for Tamawood Limited was a net profit after tax attributable to members of $2.887 million (2021: $6.455 million) which is 55.3% lower than FY21 caused by the continuous wet weather in the second half of the year with 60% of days affected by rain. Shareholders should consider a number of issues when reviewing the Tamawood performance for FY22 including, a number of our Queensland and National competitors are no longer trading. With Master Builders claiming that up to 50% of Queensland homebuilders are trading insolvent, payments to subcontractors and suppliers are well outside normal payment terms and leading ASX and National Builders have lost key management and staff in the past three months.

Tamawood Unfranked Dividend

Subsequent to 30 June, I will be putting a proposal to the Board to consider a final unfranked dividend of 13 cents (FY21: 13 cents fully franked). This will be decided once the Board have reviewed the performance of Tamawood in the first couple of months of FY23. Importantly, Tamawood remains debt free with significant cash reserves.

FY22 Review

Tamawood Limited remained profitable and debt free in FY22 with cash in the bank of $5.244 million while enduring a number of market challenges. Inclement weather, material supply delays, labour shortages, workforce attendance and inflationary pricing pressure have all affected the result, including significant margin erosion on the initial jobs taking on Hervey Bay and Bundaberg regions from the franchisee and expansion into regional NSW. Early prediction of some of those problems have assisted us in:

- Moving prices, starting early in 2020, to a level we believe is sufficient to address rising labour and material costs.
- Continuing to pay Contractors and Suppliers within agreed payment terms.
- Maintaining our important Supplier and Sub-Contractor relationships.
- Retaining our experienced staff.

As a result of increasing interest rates and cost of living pressures, enquiries dropped by approximately 50%, however, conversion rates have improved significantly. As a consequence, current decline in full deposits is only approximately 39%. We anticipate this decline will reduce significantly as a number of our competitors reduce their deposit intake due to financial constraints with the QBCC financial licencing requirements.

In FY22, we have also achieved the following milestones:

- Advanced estimating software embedded in ‘Project DeRisk’ proven to be an essential tool in these uncertain times.
- Designed and developed a new range of homes to be released early FY23 to take advantage of a changing market.
- Launched an advertising campaign highlighting our debt free status, design diversity and fixed price Contract offering.
- Commenced the redesign process bringing designs in-line with new NCC Accessibility standards to be released in FY23, where our current designs already substantially comply with the standard.
- Completed the acquisition of Astivita Limited to further strengthen the Tamawood balance sheet and secure long-term supply of PC items with long-term strategic supply partners.
- Developed and implemented a new more modern logo and website.
- Successfully applied for and been included on the QBCC registered Insurance Builders list to tender on other Builders incomplete building projects in South East Queensland.
- Maintained our Quality Assurance ISO9001 status which will assist us in successfully tendering on insurance work where tenderers need to be quality assured by external certifiers.

Managing Director's Report

FY23 Outlook

Over the FY23 year, we will be continuing to monitor and review supply and trade availability and keeping our clients informed of weather delays and market conditions. Although it is difficult to predict with any certainty the FY23 outlook, the Board will consider a number of further initiatives:

- The Board believes a noticeable increase in land availability and 50% of home Builders trading insolvent, according to Master Builders Queensland, will allow us to restore and grow our market share to fully compensate for the reduction in demand due to increasing interest rates.
- Promote 69% Energy use reduction due to our standard homes being equipped with 5kW Photovoltaic systems and Solar Hot Water.
- Design and develop a new design range to sell into flood affected regions through Queensland and Northern New South Wales where there is a requirement for full off the ground builds.
- Utilising the 'Project DeRisk' software to consider growth opportunities, utilising a franchise network in markets where the Board determines a franchise model setup would work better than a company run satellite office including re-visiting the Sydney market.
- Consolidate Bundaberg, Hervey Bay and regional NSW and are in the process of restoring margins in these regions and will further expand into Stanthorpe and Tenterfield with company run satellite offices.
- Look for potential acquisition opportunities that may present themselves in what continues to be a very un-predictable market.

In what has been another challenging year I would like to thank all management and staff for working tirelessly to face every challenge whilst at the same time always remaining focused to continue to deliver for all our stakeholders.

T Bartholomaeus

Mr Tim Bartholomaeus
Managing Director

Dated: 24 August 2022

Directors' Report
For the Year Ended 30 June 2022

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 2022.

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
Mrs Linda Barr	Non-executive Director Appointed 06/04/2022
Mr Timothy Bartholomaeus	Managing Director
Mrs Laurie Lefcourt	Non-executive Director Resigned 16/02/2022
Mrs Linda Horgan	Non-executive Director Resigned 16/02/2022

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

Company secretaries

The following persons held the position of Joint Company Secretary at the end of the financial year:

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

Principal activities

The principal activities of the Group during the financial year were:

- Contract home construction, home design and other associated activities in Australia.
- Franchising and licensing operations.
- Consumer durables.

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

Review of operations for the year

Highlights

Refer to Managing Director's Report on page 2 of this report.

Review of financial position

The net assets of the Group have increased by $13.439 million from $19.590 million at 30 June 2021 to $33.029 million at 30 June 2022.

Directors' Report
For the Year Ended 30 June 2022

Significant changes in state of affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- TWD has acquired Astivita Limited with the acquisition of 95.70% of the shares on 31 May 2022 with the remainder of the shares compulsorily acquired on 17 June 2022.

Dividends paid

	2022
	000's
Final ordinary dividend of 13 cents per share, paid on 06 September 2021	**3,747**
Interim ordinary dividend of 11 cents per share, paid on 11 March 2022	**3,211**

All dividends are fully franked.

Events after the reporting date

Except for the above, no other 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

Refer to the Managing Director’s Report on page 2 of this report.

Environmental issues

There are various local council requirements that the Group must adhere to during the construction process. 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.

Directors' Report
For the Year Ended 30 June 2022

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.

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. Since 1997, Lev 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 Lindsay Australia Limited (LAU). Lev is a Non-executive Chairman of Advance ZincTek Limited (ANO) since 3 March 2017, Chairman of Senterprisys Ltd (formerly Resiweb Ltd) and was formerly a Non-executive director of Collection House Limited (CLH).

He is currently a member of the Audit and Risk Management Committees.

Mrs Linda Barr - Non-executive Director and Chairperson of the Audit Committee
B.Bus, MIS, CPA, GAICD

Mrs Linda Barr brings to Tamawood over 30 years in accounting and management roles. Growth and expansion focused director with executive experience in finance and ICT gained in Manufacturing, Engineering, Hospitality and Wholesale Distribution industries.

Linda gained valuable skills in senior finance and executive roles reporting to an ASX 100 listed Company Board, where she focused on delivering strategic integration of acquisitions, identifying synergies, and creating value added services for Finance and ICT to support business operations. An accomplished leader of cultural change, business innovation and transformation. Determined to seek and create business value by acquisition, digital transformation, operational excellence, and financial acumen.

Linda is the Chairperson of the Audit Committee a member of the Nomination, Remuneration and Risk Management Committees.

Mr Timothy Bartholomaeus - Managing Director
GAICD

Timothy has been with the group since 1996 commencing as a Building Designer. Since 2001 he held a number of management positions including Design and Estimating Manager, Construction Manager, Administration Manager, Premium Brands Manager and Sales & Marketing Manager.

Timothy was Chief Operating Officer from 2010 until his appointment as Managing Director.

Timothy has regularly attended Board Meetings since 2010 and has significantly contributed to the Board's ability to navigate through a difficult period in the aftermath of the Global Financial Crisis.

Timothy is not and has not been a director of any other publicly listed company in the past 5 years.

Details of each director's relevant interest in shares of the company can be found at page13 of this report.

Directors' Report
For the Year Ended 30 June 2022

Information on company secretaries

Mr Geoff Acton
B.Com, CA, GAICD

Geoff is a chartered accountant and has more than 20 years 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
"Cert (Gov Prac)"

Narelle was appointed joint company secretary on 24 May 2013. She is also joint company secretary of Advance ZincTek Limited and SenterpriSys Limited.

Meetings of directors

The number of meetings of directors (including committees of directors) held during the financial year and the number of meetings attended by each director were as follows:

	Directors' Meetings		Audit Committee Meetings		Risk Committee Meetings		Remuneration & Nomination Meetings	
	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	13	13	3	3	1	1	2	2
Mr Lev Mizikovsky	13	13	3	3	1	1	0	2*
Mrs Linda Barr (Appointed 06/04/2022)	4	4	0	0	1	1	1	1
Mr Timothy Bartholomaeus	13	13	0	3*	1	1	0	2*
Mrs Laurie Lefcourt (Resigned 16/02/2022)	9	9	3	3	-	-	1	1
Mrs Linda Horgan (Resigned 16/02/2022)	9	9	0	3*	-	-	1	1

* Attended by invitation

Directors' Report
For the Year Ended 30 June 2022

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

The Directors, Secretaries and Officers of the Group and its controlled entities are insured for liabilities that 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 liabilities insured exclude any criminal, fraudulent, dishonest or malicious act or omission or improper use of information or position to gain a personal advantage.

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 Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

The total fees to the Group's external auditors, William Buck (Qld), for non-audit services during the year ended 30 June 2022 was nil (2021: Nil).

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 2022 has been received and can be found on page 14 of the financial report.

ASIC Corporations Instrument 2016/191 rounding of amounts

The Group 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.

Directors' Report
For the Year Ended 30 June 2022

Remuneration report (audited)

This remuneration report for the year ended 30 June 2022 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 fee is determined independently to the fees of Non-executive Directors and 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 2022 is detailed in the table at page 11 to this report.

Directors' Report
For the Year Ended 30 June 2022

Remuneration report (audited)

Remuneration policy

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

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 the 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.

	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000
Revenue	123,562	102,869	91,947	97,864	89,167
Net profit attributable to members of the parent entity	8,692	3,970	4,477	6,455	2,887
Dividends paid	6,909	12,556	-	6,980	6,958
Dividends per share (cents)	27.0¢	49.0¢	-	25.0¢	24.0¢
Share price at year-end (not rounded)	$4.00	$3.61	$2.52	$3.54	$2.75
Weighted average no. of shares on issue at year end	25,587	26,019	27,612	28,313	29,680

Directors' Report
For the Year Ended 30 June 2022

Remuneration report (audited)

The following table of benefits and payments details, in respect to the 2022 and 2021 financial years, the components of remuneration for each member of the key management personnel (KMP) of the Group.

2022	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	130,000	-	-	-	-	-	-	130,000
- L Mizikovsky	-	-	-	-	-	-	-	-
- L Barr (Appointed 06/04/22)	9,167	-	-	-	-	-	-	9,167
- L Lefcourt (Resigned 16/02/22)	39,167	-	-	-	-	-	-	39,167
- L Horgan (Resigned 16/02/22)	40,875	-	-	-	-	-	-	40,875
Sub-total Non-executive Directors	**219,209**	-	-	-	-	-	-	**219,209**
Executive directors								
- T Bartholomaeus (Managing Director)[1]	214,857	80,000	38,375	-	29,486	5,609	-	368,327
Sub-total executive directors	**214,857**	**80,000**	**38,375**	**-**	**29,486**	**5,609**	**-**	**368,327**
Other KMP								
- K Waldron (Sales Manager)	143,389	20,250	-	-	15,502	2,043	-	181,184
- Jacqueline Rodger (Office Manager)	113,390	-	-	-	10,590	1,783	-	125,763
Sub-total Other KMP	**256,779**	**20,250**	**-**	**-**	**26,092**	**3,826**	**-**	**306,947**
TOTAL	**690,845**	**100,250**	**38,375**	**-**	**55,578**	**9,435**	**-**	**894,843**

2021	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)	114,000	-	-	-	-	-	-	114,000
- L Mizikovsky	-	-	-	-	-	-	-	-
- L Lefcourt	53,167	-	-	-		-	-	53,167
- L Horgan	47,000	-	-	-	-	-	-	47,000
Sub-total Non-executive Directors	**214,167**	**-**		**-**	**-**	**-**	**-**	**214,167**
Executive directors								
- T Bartholomaeus (Managing Director)	189,439	40,000	26,415	-	21,797	3,064	-	280,715
Sub-total Executive Directors	189,439	**40,000**	**26,415**	**-**	**21,797**	**3,064**	**-**	**280,715**
Other KMP								
- K Waldron (Sales Manager)	149,782	16,500	-	-	14,870	2,045	-	183,197
- Jacqueline Rodger (Office Manager	109,009	525	-	-	9,925	1,854	-	121,313
Sub-total Other KMP	**258,791**	**17,025**	**-**	**-**	**24,795**	**3,899**	**-**	**304,510**
TOTAL	**662,397**	**57,025**	**26,415**	**-**	**46,592**	**6,963**	**-**	**799,392**

Remuneration report (audited)

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
Executive Directors			
T Bartholomaeus (Managing Director)	80,000	21.72%	78.28%
KMP			
K Waldron (Sales Manager)	20,250	11.17%	88.83%
Jacqueline Rodger (Office Manager)	-	-	-

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 2022. The bonuses therefore vested 100% during the financial year.

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 a case by case basis and is generally a mix of cash and non-cash benefits as considered appropriate by the Board.

Please refer to Related parties note 32 for payment of services received by key management personnel.

Directors' Report
For the Year Ended 30 June 2022

Remuneration report (audited)

KMP Shareholdings

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
	No.	No.	No.	No.	No.
L Mizikovsky	15,366,356	-	-	4,427,810	19,794,166
R Lynch	545,354	-	-	-	545,354
L Barr	-	-	-	-	-
L Lefcourt	3,000	-	-	(3,000)	-
L Horgan	303	-	-	(303)	-
T Bartholomaeus	541,260	-	-	105	541,365
	16,456,273	**-**	**-**	**4,424,612**	**20,880,885**

Other Transactions with KMP and their Related Parties

The terms and conditions, together with the amount of any transaction during the reporting period between the Group, or any of its subsidiaries, and a key management person and their related parties, are disclosed in Note 32 to the financial statements.

End of Remuneration Report

This Directors' 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: 24 August 2022

William Buck
ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF TAMAWOOD LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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 24 August 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2022

	Note	2022 000's	2021 000's
Revenue	3	**89,167**	97,864
Other income	3	**269**	244
Cost of sales		**(71,274)**	(75,529)
Accrued expenses adjustment (Unbilled)		**(809)**	28
Employee benefits expense		**(7,627)**	(7,844)
Depreciation and amortisation expense	4	**(1,222)**	(1,223)
Advertising		**(395)**	(553)
Consultancy		**(605)**	(595)
Rent expense		**(159)**	(146)
Lease Interest Expense		**(214)**	(209)
Other operating expenses		**(3,180)**	(2,815)
Profit before income tax		**3,951**	9,222
Income tax expense	6	**(1,064)**	(2,767)
Profit for the year		**2,887**	6,455
Other comprehensive income			
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**2,887**	6,455
Profit attributable to:			
Members of the parent entity		**2,887**	6,455
Total comprehensive income attributable to:			
Members of the parent entity		**2,887**	6,455
Earnings per share			
Basic earnings per share	35	9.73 cents	22.79 cents
Diluted earnings per share	35	9.73 cents	22.79 cents

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 2022

	Note	2022 000's	2021 000's
ASSETS			
Current Assets			
Cash and cash equivalents	8	**5,244**	3,808
Trade and other receivables	9	**6,978**	5,220
Uninvoiced completed works	10	**17,677**	20,730
Inventories - STC (Renewable energy certificates)	11	**84**	41
Inventory Appliances and Solar & Hot Water products	12	**2,525**	-
Other inventories	13	**138**	666
Other assets	14	**753**	397
Current tax assets	22	**934**	1,511
Total Current Assets		**34,333**	32,373
Non-Current Assets			
Investment in associates	26	**430**	430
Property, plant and equipment	15	**626**	752
Intangible assets	16	**5,051**	-
Right of use assets	17	**4,672**	4,135
Deferred tax assets	22	**5,581**	714
Total Non-Current Assets		**16,360**	6,031
TOTAL ASSETS		**50,693**	38,404
LIABILITIES			
Current Liabilities			
Trade and other payables	18	**1,968**	3,760
Accrued expenses (Unbilled)	19	**4,212**	3,404
Provisions	21	**788**	617
Lease liabilities	20	**844**	874
Total Current Liabilities		**7,812**	8,655
Non-Current Liabilities			
Lease liabilities	20	**4,155**	3,556
Provisions	21	**335**	334
Deferred tax liabilities	22	**5,362**	6,269
Total Non-Current Liabilities		**9,852**	10,159
TOTAL LIABILITIES		**17,664**	18,814
NET ASSETS		**33,029**	19,590

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As At 30 June 2022

EQUITY			
Issued capital	23	**28,936**	11,426
Reserves	24	**(479)**	(479)
Retained earnings		**4,424**	8,495
Total equity attributable to equity holders of Tamawood Limited		**32,881**	19,442
Non-controlling interest		**148**	148
TOTAL EQUITY		**33,029**	19,590

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

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2022

2022

	Note	Ordinary Shares 000's	Retained Earnings 000's	General Reserves 000's	Total 000's	Non-controlling Interests 000's	Total 000's
Balance at 1 July 2021		**11,426**	**8,495**	**(479)**	**19,442**	**148**	**19,590**
Comprehensive income for the year							
Profit for the year		**-**	**2,887**	**-**	**2,887**	**-**	**2,887**
Other comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year		**-**	**2,887**	**-**	**2,887**	**-**	**2,887**
Shares issued during the year	23	**3,170**	**-**	**-**	**3,170**	**-**	**3,170**
Dividends paid	7	**-**	**(6,958)**	**-**	**(6,958)**	**-**	**(6,958)**
Shares issued for the acquisition of AstiVita Ltd.	30	**14,340**	**-**	**-**	**14,340**	**-**	**14,340**
Balance at 30 June 2022		**28,936**	**4,424**	**(479)**	**32,881**	**148**	**33,029**

2021

	Note	Ordinary Shares 000's	Retained Earnings 000's	General Reserves 000's	Total 000's	Non-controlling Interests 000's	Total 000's
Balance at 1 July 2020		7,647	9,020	(479)	16,188	148	16,336
Comprehensive income for the year							
Profit for the year		-	6,455	-	6,455	-	6,455
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	6,455	-	6,455	-	6,455
Shares issued during the year	23	3,779	-	-	3,779	-	3,779
Dividends paid	7	-	(6,980)	-	(6,980)	-	(6,980)
Balance at 30 June 2021		11,426	8,495	(479)	19,442	148	19,590

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 2022

	Note	2022 000's	2021 000's
Cash flows from operating activities			
Receipts from customers (including GST)		**101,245**	96,926
Payments to suppliers and employees (including GST)		**(93,814)**	(95,540)
Interest received		**7**	21
Lease interest paid		**(214)**	(209)
Income taxes paid		**(910)**	(1,525)
Net cash from (used in) operating activities	29	**6,314**	(327)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**50**	80
Payments for property, plant and equipment		**(52)**	(418)
Payment for investments in associates		**-**	(72)
Cash acquired in business combination		**31**	-
Net cash from (used in) investing activities		**29**	(410)
Cash flows from financing activities			
Repayment of lease liabilities		**(1,004)**	(900)
Dividend paid by parent entity	7	**(3,903)**	(2,718)
Net cash used in financing activities		**(4,907)**	(3,618)
Net increase (decrease) in cash and cash equivalents		**1,436**	(4,355)
Cash and cash equivalents at beginning of year		**3,808**	8,163
Cash and cash equivalents at end of financial year	8	**5,244**	3,808

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 2022

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 24 August 2022.

The separate financial statements and notes of the parent entity, Tamawood Limited, have not been presented within this financial report as permitted by the Corporations Act 2001. Parent entity summary is included in note 2.

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 have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by 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 Corporations Instrument 2016/191 rounding of amounts 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 in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity’s financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

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.

Notes to the Financial Statements
For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(b) Principles of Consolidation

Non-controlling interests

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Tamawood Limited.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

A list of subsidiaries is contained in Note 25 to the financial statements.

Associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures. Under this method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

A list of associates is contained in Note 26 to the financial statements.

(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.

Notes to the Financial Statements
For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(c) Income Tax

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 Limited is the head entity for the income tax consolidated group. Each entity in the Group recognises its own current and deferred tax amounts which are measured using the "separate taxpayer within group" taxpayer approach for allocation. Current and deferred tax assets resulting from unused tax losses and tax credits are assumed by the parent entity. The current tax liability of each Group entity is also 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 tax sharing and funding arrangement.

Under the terms of the arrangement, the wholly-owned entities reimburse Tamawood Limited for any current income tax payable by Tamawood Limited arising in respect of their activities. The reimbursements are payable on the date advised by Tamawood Limited after the end of the relevant financial year. 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 Limited.

(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.

Notes to the Financial Statements
For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(e) Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and are net of any rebates and discounts received. The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the Group from the taxing authorities), transport, and other costs directly attributable to the acquisition of inventory.

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) STC (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.

(ii) Uninvoiced completed works

These assets are recognised when Tamawood has transferred goods and services to the customer but where it is yet to establish an unconditional right to consideration.

(f) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment comprising motor vehicles, office furniture and equipment, computer software and leasehold improvements 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.

Leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(f) Property, Plant and Equipment

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Motor Vehicles	4 - 8 years
Office Furniture and Equipment	2 - 10 years
Computer Software	5 years
Leasehold improvements	15 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.

(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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

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".

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.

Notes to the Financial Statements
For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(g) Financial instruments

Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This presents a portion of the asset's lifetime expected credit losses that is attributable to a default even that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(h) 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.

(i) 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.

(j) 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.

Notes to the Financial Statements
For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(j) Provisions

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.

(k) 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.

(l) 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.

(m) Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(n) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Notes to the Financial Statements
For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(n) Lease liabilities

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(o) Revenue and other income

Revenue is recognised when it is highly probable that a significant reversal will not occur.

Construction Contracts

Contracts entered into are for the construction of residential homes. The construction of each home is taken to be one performance obligation. The transaction price is normally fixed at the start of the contract. When a variation for the building works is required and agreed upon per the contract the variation will be included in the transaction price and accounted for accordingly. As a result, the one performance obligation recognised and fulfilled over time and as such revenue is recognised over time.

Revenue earned is referenced to the stage of completion of contract activity, base on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Customers are invoiced on achievement of key task milestones in the construction program. Invoices are paid on normal commercial terms.

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.

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.

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

(p) 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.

Notes to the Financial Statements
For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(p) Goods and Services Tax (GST)

Cash flows are included in the consolidated statement of cash flows 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.

(q) Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

(r) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Notes to the Financial Statements
For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(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.

Impairment of inventory

A provision of $83,000 has been recognised by the Group for excess and slow-moving inventory, which has been deemed impaired as at 30 June 2022. The assessment of this provision required a degree of estimation and judgement. The level of the provision was determined after taking into account the sales history of various product lines, the age of product groups and any other factors that may affect inventory obsolescence. The provision was based on product lines, which were unlikely to be sold in the foreseeable future. We anticipate that this provision will reduce in FY23 as the remainder of slow-moving stock is liquidated.

Key estimates - construction work in progress

The Group uses the stage-of-completion based on the input method in accounting for its fixed-price contracts to deliver construction services as discussed in Note 1(o). Use of the stage-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(j), 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 21. 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.

Key estimates - lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(s) Critical accounting estimates and judgments

Key estimates - incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Key estimates - Goodwill

The Group has considered the short time from completion of the acquisition, the provisional accounting for the assets and liabilities acquired and that it has not determined the CGU to allocate goodwill to in not completing a detailed impairment calculation at 30 June 2022. Indications of impairment have been assessed. Refer note 16 for further information.

Key estimates - Business combinations

As discussed in note 1(r), business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Key estimates – Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(t) 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. These did not have a material impact on the Group

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 Year Ended 30 June 2022

2 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.

	2022 000's	2021 000's
Statement of Financial Position		
Assets		
Current assets	**2,425**	4,310
Non-current assets	**20,844**	7,324
Total Assets	**23,269**	11,634
Liabilities		
Current liabilities	**103**	26
Non-current liabilities	**5,357**	6,269
Total Liabilities	**5,460**	6,295
Equity		
Issued capital	**28,936**	11,426
Retained earnings	**(11,127)**	(6,087)
Total Equity	**17,809**	5,339
Statement of Profit or Loss and Other Comprehensive Income		
Profit for the year	**1,920**	1,286
Total comprehensive income	**1,920**	1,286

Guarantees: The parent entity did not have any guarantees as at 30 June 2022.

Contingent liabilities: The parent entity did not have any contingent liabilities as at 30 June 2022.

Contractual commitments: The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2022.

Notes to the Financial Statements
For the Year Ended 30 June 2022

3 Revenue and Other Income

Revenue from continuing operations

	Note	2022 000's	2021 000's
Sales revenue			
- Construction contract revenue		**89,134**	85,476
- Uninvoiced completed works adjustment		**(2,894)**	9,885
- Renewable energy certificates		**1,451**	1,163
- Franchise revenue		**895**	846
- Bathroom products and Kitchen appliances		**42**	-
- Solarpower products and REC's income		**82**	-
Other revenue			
- Interest revenue		**7**	21
- Rental income		**450**	473
Total Revenue		**89,167**	97,864

Other Income

	2022 000's	2021 000's
Other	**201**	59
Net gain/(loss) on disposal of property, plant, equipment and associates	**68**	185
Total other income	**269**	244

Construction contract revenue includes $86.2 million (2021: $95.3 million) of revenue recognised for residential construction which are accounted for over time using the input method. All other revenue is recognised at a point in time.

4 Depreciation Expense

Component of depreciation expenses

	2022 000's	2021 000's
Right of use assets	**(1,016)**	(996)
Property, plant and equipment and intangibles	**(206)**	(227)
	(1,222)	(1,223)

5 Remuneration of Auditors

	2022 $	2021 $
Remuneration of the auditor of the parent entity, William Buck (Qld) including related entities for:		
- auditing or reviewing the financial report	**73,000**	72,000
- auditing or reviewing the acquisition of AstiVita	**30,000**	-
	103,000	72,000

Notes to the Financial Statements
For the Year Ended 30 June 2022

6 Income Tax Expense

(a) Components of tax expense

	2022 000's	2021 000's
Current tax expense		
Current income tax	**1,490**	-
Deferred tax expense		
Relating to origination and reversal of temporary differences	**(385)**	2,767
Relating to AstiVita Ltd joining the Tamawood Group	**(41)**	-
	1,064	2,767

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

	2022 000's	2021 000's
Profit before income tax from continuing operations	**3,951**	9,222
Prima facie income tax expense at the statutory income tax rate of 30% (2021: 30%)	**1,185**	2,767
The following items have affected income tax expense for the period:		
Tax effect of:		
Permanent differences	**(121)**	-
	1,064	2,767
The applicable tax rate for 2022	**30%**	30%

For the 2022 financial year, the effective tax rate is 27% (2021: 30%). We note that the 2022 effective tax rate is in line with the effective corporate tax rate.

Notes to the Financial Statements
For the Year Ended 30 June 2022

7 Dividends

Dividends paid

	2022 000's	2021 000's
The following dividends were declared and paid:		
Final ordinary dividend of 13 cents per share, paid on 06 September 2021	**3,747**	-
Interim ordinary dividend of 11 cents per share, paid on 11 March 2022	**3,211**	-
Final dividend of 14 cents (fully franked at 30%) per fully paid share paid 28 August 2020	**-**	3,867
Interim dividend of 11 cents (fully franked at 30%) per fully paid share paid 31 March 2021	**-**	3,113
Total	**6,958**	6,980

Total dividends per share

	2022 Cents	2021 Cents
Total dividends per share declared and paid	**24**	25

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

Franking account

	2022 000's	2021 000's
Balance of franking account at year end	**15**	2,243
Adjusted for franking credits arising from:		
Receipt of income tax asset	**(934)**	(1,511)
The franking credits available for subsequent financial years at a tax rate of 30%	**(919)**	732

The above available balance is based on the dividend franking account at year-end adjusted for:

(a) Franking credits that will arise from the receipt of the current tax asset;

(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 current franking credit balance as at 30 June 2022 is $15,386

Notes to the Financial Statements
For the Year Ended 30 June 2022

8 Cash and cash equivalents

	2022 000's	2021 000's
Cash at bank	**4,819**	2,886
Short-term bank deposits	**357**	857
Other cash and cash equivalents	**68**	65
	5,244	3,808

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:

	2022 000's	2021 000's
Cash and cash equivalents	**5,244**	3,808
Balance as per consolidated statement of cash flows	**5,244**	3,808

9 Trade and other receivables

	Note	2022 000's	2021 000's
CURRENT			
Trade receivables		**1,647**	379
Construction contract progress bills receivable		**5,370**	4,871
Trade and other receivables (impairments)	9(a)	**(39)**	(30)
Total current trade and other receivables		**6,978**	5,220

(a) Impairment of receivables

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

	2022	2021
Balance at beginning of the year	**30**	30
Additional provision from acquisition of AstiVita Ltd	**9**	-
Balance at end of the year	**39**	30

(b) Aged analysis

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

	2022	2021
0-30 days	**4,267**	3,898
31-60 days	**1,053**	552
61-90 days (past due not impaired)	**710**	174
91+ days (past due not impaired)	**987**	626
	7,017	5,250

Notes to the Financial Statements

For the Year Ended 30 June 2022

9 Trade and other receivables

(b) Aged analysis

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

10 Uninvoiced Completed Works

	Note	2022 000's	2021 000's
CURRENT			
At cost:			
Inventories - Uninvoiced completed works	10(a)	**18,110**	21,004
Less Provision for deleted jobs		**(433)**	(274)
		17,677	20,730

Write downs of inventories to net realisable value during the year were $ NIL (2021: $ NIL).

(a) Construction Contracts

As per the Group's accounting policy detailed at Note 1(o), construction work in progress consists of construction costs incurred and recognised profits, less recognised losses and progress claims invoiced.

	2022 000's	2021 000's
Contract costs incurred plus recognised profits	**68,600**	64,510
Less: Progress claims	**(50,490)**	(43,506)
	18,110	21,004

(b) Movement in uninvoiced completed works

	2022 000's	2021 000's
Opening balance	**21,004**	11,119
Additions	**86,240**	95,361
Transfers to trade and other receivables	**(89,134)**	(85,476)
Closing balance	**18,110**	21,004

Notes to the Financial Statements

For the Year Ended 30 June 2022

11 Inventories - STC (Renewable energy certificates)

	2022 000's	2021 000's
CURRENT		
At cost:		
Inventories - STC (Renewable energy certificates)	**84**	41
	84	41

12 Inventory - Bathroom products, kitchen appliances and Solarpower products

	2022 000's	2021 000's
CURRENT		
At net realisable value:		
Finished goods	**2,608**	-
Less: Provision for obsolescence	**(83)**	-
	2,525	-

13 Other Inventories

	2022 000's	2021 000's
CURRENT		
At cost:		
Display home and home available for sale	**136**	664
New South Wales developments (Land)	**2**	2
	138	666

14 Other assets

	2022 000's	2021 000's
CURRENT		
Prepayment and other deposits	**753**	397
	753	397

Notes to the Financial Statements
For the Year Ended 30 June 2022

15 Property, plant and equipment

	2022 000's	2021 000's
Plant and Equipment		
At cost	**463**	-
Accumulated depreciation	**(445)**	-
Total plant and equipment	**18**	-
Motor vehicles		
At cost	**1,052**	1,021
Accumulated depreciation	**(629)**	(492)
Total motor vehicles	**423**	529
Office furniture & equipment		
At cost	**757**	619
Accumulated depreciation	**(638)**	(480)
Total office equipment	**119**	139
Computer software		
At cost	**71**	71
Accumulated depreciation	**(71)**	(62)
Total computer software	**-**	9
Leasehold Improvements		
At cost	**98**	98
Accumulated depreciation	**(32)**	(23)
Total leasehold improvements	**66**	75
Total property, plant and equipment	**626**	752

Notes to the Financial Statements

For the Year Ended 30 June 2022

15 Property, plant and equipment

(a) 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:

Consolidated	Plant & Equipment 000's	Motor Vehicles 000's	Office Equipment 000's	Computer Software 000's	Lease Hold Improvements 000's	Total 000's
Year ended 30 June 2022						
Balance at the beginning of year	**-**	**529**	**139**	**9**	**75**	**752**
Additions	**18**	**72**	**26**	**-**	**-**	**116**
Disposals - written down value	**-**	**(52)**	**-**	**-**	**-**	**(52)**
Depreciation expense	**-**	**(126)**	**(46)**	**(9)**	**(9)**	**(190)**
Balance at the end of the year	**18**	**423**	**119**	**-**	**66**	**626**
Year ended 30 June 2021						
Balance at the beginning of year	-	384	156	26	68	634
Additions	-	337	69	-	12	418
Disposals - written down value	-	(70)	(3)	-	-	(73)
Depreciation expense	-	(122)	(83)	(17)	(5)	(227)
Balance at the end of the year	-	529	139	9	75	752

Notes to the Financial Statements
For the Year Ended 30 June 2022

16 Intangible Assets

	2022 000's	2021 000's
Intangible assets		
Goodwill	**5,051**	-

As the Group finalised the transaction to acquire AstiVita Ltd on 17 June 2022, the accounting for the acquisition has been completed on a provisional basis at 30 June 2022. Management is also still determining the appropriate cash-generating unit (CGU) to allocate the goodwill to. As a result, no impairment test of goodwill has been performed at 30 June 2022, as the initial allocation of goodwill acquired could not be completed before the end of the year.

Management has considered that due to the short time from acquisition to balance date and the positive operating cashflows since acquisition date, no indications of impairment were noted. Refer to note 30 for more information on the business combination.

17 Right of use assets

	2022 000's	2021 000's
Land and buildings - Right of use	**7,154**	5,973
Less: Accumulated depreciation	**(2,482)**	(1,838)
	4,672	4,135

Additions to the right-of-use assets during the year were $1,572,131.

The consolidated entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between 1 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

18 Trade and other payables

	2022 000's	2021 000's
CURRENT		
Unsecured liabilities		
Trade payables	**1,892**	3,675
Other payables	**31**	40
Dividend payable	**45**	45
	1,968	3,760

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

19 Unbilled accrued expenses

	2022 000's	2021 000's
CURRENT		
Accrued expenses (Unbilled)	**4,212**	3,404
	4,212	3,404

Notes to the Financial Statements
For the Year Ended 30 June 2022

20 Lease Liabilities

	2022 000's	2021 000's
Lease liabilities - Current	**844**	874
Lease liabilities - Non-current	**4,155**	3,556

21 Provisions

	2022 000's	2021 000's
CURRENT		
Warranties	**72**	-
Employee benefits	**716**	617
	788	617
NON-CURRENT		
Warranties	**150**	150
Employee benefits	**185**	184
	335	334

	Warranties 000's	Total 000's
Opening balance at 1 July 2021	**150**	**150**
Additional provisions- acquired from AstiVita Ltd	**72**	**72**
Balance at 30 June 2022	**222**	**222**

Provision for Warranties

A provision of $150,000 at 30 June 2022 (2021: $150,000) 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 sheet date. The statutory warranty period as stated with the Queensland Building and Construction Commission is between 6 and 7 years 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.

A provision of $72,000 at 30 June 2022 has been recognised for estimated warranty claims in respect of products and services which are still under warranty at the end of the reporting period. The provision was assessed by reference to the actual warranty costs incurred over the prior 12 months, this amount was then adjusted to reflect the anticipated future group warranty costs.

Refer to Note 1(j) for the relevant accounting policy and a discussion of the estimations and assumptions applied in the measurement of this provision.

Notes to the Financial Statements
For the Year Ended 30 June 2022

21 Provisions

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(i).

22 Tax

(a) Current tax asset / (liabilities)

	2022 000's	2021 000's
Income tax refundable / (payable)	**934**	1,511
	934	1,511

(b) Recognised deferred tax assets and liabilities

	Note	2022 000's	2021 000's
Deferred tax assets	22(c)	**5,581**	714
		5,581	714
Deferred tax liabilities	22(d)	**5,362**	6,269
		5,362	6,269

Notes to the Financial Statements
For the Year Ended 30 June 2022

22 Tax

(c) Deferred tax assets

	Opening Balance 000's	From Acquisition	Charged to Income 000's	Closing Balance 000's
Deferred tax assets				
Trade and other receivables	**-**	**3**	**-**	**3**
Provisions	**54**	**22**	**-**	**76**
Inventories	**-**	**164**	**-**	**164**
Employee benefits	**241**	**23**	**12**	**276**
Trade and other payables and accrued expenses	**15**	**3**	**4**	**22**
Leases	**89**	**(1)**	**10**	**98**
Tax losses	**305**	**5,154**	**(568)**	**4,891**
Other	**10**	**25**	**16**	**51**
Balance at 30 June 2022	**714**	**5,393**	**(526)**	**5,581**
Provisions	54	-	-	54
Employee benefits	226	-	15	241
Accrued expenses	16	-	(1)	15
Tax losses	55	-	250	305
Plant and equipment	10	-	(10)	-
Lease	60	-	29	89
Other	13	-	(3)	10
Balance at 30 June 2021	**434**	**-**	**280**	**714**

(d) Deferred tax liability

	Opening Balance 000's	From Acquisition	Charged to Income 000's	Closing Balance 000's
Deferred tax liability				
Uninvoiced completed works	**6,219**	**-**	**(916)**	**5,303**
Property, plant and equipment	**50**	**-**	**4**	**54**
Foreign exchange gains or loss	**-**	**4**	**1**	**5**
Balance at 30 June 2022	**6,269**	**4**	**(911)**	**5,362**
Uninvoiced completed works	3,223	-	2,996	6,219
Property, plant and equipment	-	-	50	50
Balance at 30 June 2021	**3,223**	**-**	**3,046**	**6,269**

Notes to the Financial Statements
For the Year Ended 30 June 2022

23 Issued Capital

	2022 000's	2021 000's
34,745,303 (2021: 28,826,782) Ordinary shares fully paid	**28,936**	11,426
	28,936	11,426

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

	Note	2022 000's	2021 000's
At the beginning of the reporting period		**11,426**	7,647
Shares issued during the year			
- Dividend re-investment		**3,055**	3,628
- Employee Share Scheme and Customer reward program		**115**	151
Shares issued pursuant of the acquisition of AstiVita Limited	30	**14,340**	-
At the end of the reporting period		**28,936**	11,426

	2022 No.	2021 No.
At the beginning of the reporting period	**28,826,782**	27,612,589
Shares issued during the year		
- Dividend re-investment	**917,207**	1,161,793
- Employee Share Scheme and Customer reward program	**32,800**	52,400
- Shares issued pursuant of the acquisition of AstiVita Limited	**4,968,514**	-
At the end of the reporting period	**34,745,303**	28,826,782

(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 greater than 1:1 under its licensing conditions with the Queensland Building and Construction Commission and the NSW Home Owners Warranty Scheme.

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.

(c) Dividend Re-investment Plan

The Dividend Re-investment Plan was reinstated on 18 April 2019 and remains in place since that date.

Notes to the Financial Statements
For the Year Ended 30 June 2022

24 Reserves

	2022 000's	2021 000's
Transactions with Non-Controlling Interest (NCI) reserve		
Opening balance	**(479)**	(479)
Ending balance	**(479)**	(479)

The Transactions with NCI Reserve is used to record the differences described in note 1(b) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

25 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2022	Percentage Owned (%)* 2021
Subsidiaries:			
AstiVita Limited	Brisbane, Australia	**100**	-
AstiVita Bathrooms and Kitchens Pty Ltd	Brisbane, Australia	**100**	-
Dixonbuild Pty Ltd	Brisbane, Australia	**100**	100
DixonConstruct Pty Ltd	Brisbane, Australia	**100**	100
Dixon NSW Pty Ltd	Sydney, Australia	**100**	100
DixonRes Pty Ltd	Brisbane, Australia	**100**	100
Dixon Systems Pty Ltd	Brisbane, Australia	**100**	100
Edesia Asti Pty Ltd	Brisbane, Australia	**100**	-
Indent Manufacturers Pty Ltd	Brisbane, Australia	**100**	-
Rosieres Appliances Pty Ltd	Brisbane, Australia	**100**	-
Solarpower Pty Ltd	Brisbane, Australia	**100**	-
SolarpowerRex Pty Ltd	Brisbane, Australia	**70**	70
SolarRex Pty Ltd	Brisbane, Australia	**70**	70
TamawoodL Pty Ltd	Brisbane, Australia	**100**	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

(b) Significant restrictions relating to subsidiaries

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

(c) Non-controlling interests

None of the Group's subsidiaries have non-controlling interests that are material to the Group.

(d) Transactions with Non-controlling interests

Note: the increase / decrease to parent equity is recorded in the Transactions with Non-controlling Interest reserve.

Notes to the Financial Statements
For the Year Ended 30 June 2022

26 Investment in Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2022	Percentage Owned (%)* 2021
Associates:			
Senterprisys Limited (Formerly Resiweb Limited)	Brisbane, Australia	**10.23**	10.23

*The percentage of ownership interest held is equivalent to the percentage voting rights for all associates.

All associates have the same year end as the parent entity.

There are no significant restrictions on the ability of associates to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the entity.

Senterprisys Limited (Formerly Resiweb Limited)

Senterprisys Limited is a public company that is developing a software system including back-office and client interface processes to support small home builders. The Group's interest in the company represents a strategic investment.

27 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2022 (30 June 2021 None) except as follows:

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.

28 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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

29 Cash Flow Information

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

	2022 000's	2021 000's
Profit after income tax for the year	**2,887**	6,455
Adjustments for non-cash items in profit:		
- depreciation	**1,222**	1,223
- net (gain)/loss on disposal of property, plant and equipment	**2**	(5)
- net (gain)/loss on distribution of in-specie shares	**-**	(178)
- customer reward program	**115**	151
Net changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(601)**	249
- (increase)/decrease in prepayments	**53**	(292)
- (increase)/decrease in inventories	**618**	106
- (increase)/decrease in uninvoiced completed works	**3,053**	(9,988)
- (increase)/decrease in deferred tax assets	**482**	(280)
- increase/(decrease) in current tax assets	**577**	(1,525)
- increase/(decrease) in trade and other payables	**(2,042)**	693
- increase/(decrease) in deferred tax liabilities	**(911)**	3,046
- increase/(decrease) in provisions	**51**	46
- increase/(decrease) in unbilled accrued expenses	**808**	(28)
Net cash from operating activities	**6,314**	(327)

Notes to the Financial Statements
For the Year Ended 30 June 2022

30 Business Combinations

On 31 May 2022, Tamawood Limited acquired 95.7% of AstiVita Limited, with the remainder compulsorily acquired on 17 June 2022 for the total consideration transferred of $14,340,152. Due to the same terms for the issue of shares, the short time difference, and the compulsory acquisition being part of the terms of the purchase, the Group has elected to account for 100% of the purchase on 31 May 2022. This is a wholesale business of PC items, appliances and solar products. It was acquired to strengthen the Tamawood balance sheet and secure long-term supplier relationships for household items. The goodwill of $5,050,267 represents the secure supplier relationships of a number of PC items, including appliances, solar products and the strengthening of the Tamawood balance sheet and use of in excess of $5 million in tax losses. The acquired business contributed revenues of $488,789 and profit after tax of $276,000 to the consolidated entity for the period from 1 June 2022 to 30 June 2022. If the acquisition occurred on 1 July 2021 the full year contributions would have been revenues of $4,119,779 and profit after tax of $494,000. The values identified in relation to the acquisition of Astivita Limited are provisional as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value 000's
Cash and cash equivalents	31
Trade receivables	1,258
Prepayments	409
Plant and equipment	33
Inventory	2,658
Intangibles	26
Deferred tax asset	5,349
Trade payables	(422)
Deferred tax liability	(4)
Employee benefits	(49)
Net assets acquired	9,289
Goodwill	5,051
Acquisition-date fair value of the total consideration transferred	14,340
Representing:	
Shares issued to vendor (shares issued based on fair value at date of issue)	14,340
Acquisition costs expensed to profit or loss	155

Notes to the Financial Statements

For the Year Ended 30 June 2022

31 Key Management Personnel Disclosures

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

	2022	2021
	$	$
Short-term employee benefits	**829,470**	745,837
Long-term benefits	**9,435**	6,963
Post-employment benefits	**55,578**	46,592
Termination benefits	**-**	-
	894,483	799,392

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 2022.

32 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.

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:

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 ('KMP').

Advance ZincTek Limited (ANO) and AstiVita Limited (AIR) 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 ANO and AIR. Transactions between the Group and the above related parties are disclosed below.

Transactions wiht AsitVita Limited are disclosed up to the date of acquisition, at which point it became a subsidiary.

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

For details of remuneration disclosures relating to KMP, refer to Note 31 and the remuneration report in the Directors' Report.

(ii) Entities subject to significant influence by the Group (associates):

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

The Group's only associate is SenterpriSys Limited as detailed in Note 26.

Notes to the Financial Statements
For the Year Ended 30 June 2022

32 Related Party Transactions

(b) Transactions with related parties

(i) Sale of goods and services

	2022 $	2021 $
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
Sales to an entity controlled by Mr L Mizikovsky		
- for construction of homes under normal commercial terms by Dixonbuild Pty Ltd	**6,191**	458,472
- insurances	**10,293**	9,313
Mr G Acton - Joint Company Secretary		
- Rent collected on leased property & miscellaneous services	**8,874**	11,539
Mr. T Bartholomaues - Managing Director		
- Insurance fees charged by Tamawood Ltd.	**640**	-
Related party		
AstiVita Limited		
- Sales to AstiVita for advertising, IT & admin and lease of premises	**141,223**	145,143
Advance ZincTek Limited		
- Sales to ANO for IT and administration services	**29,186**	42,674
- Rent on sub-leased property	**67,577**	74,872
- Electricity	**9,811**	-
- Maintenance Rocklea	**5,695**	-
Associates:		
Senterprisys Limited (Formerly Resiweb Limited)		
- Accounting and general services provided	**30,823**	20,545
- Rent collected on leased property	**23,466**	25,851
- Insurance fees charged by Tamawood Ltd.	**1,280**	1,242
- Electricity	**4,178**	-
Veganic SKN Limited		
- Professional services provided	**30,011**	-
CyberGuardAU Pty Ltd		
- Rent on sub leased property & administration costs	**4,190**	5,982
- Insurance fees charged by Tamawood Ltd.	**-**	621
Winothai Pty Ltd		
- Insurance fees charged by Tamawood Ltd.	**640**	-

Notes to the Financial Statements

For the Year Ended 30 June 2022

32 Related Party Transactions

(b) Transactions with related parties

(ii) Purchase of goods and services

	2022 $	2021 $
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Lease of premises from an entity controlled by Mr L Mizikovsky	**196,469**	167,513
- Accounting & general services	**-**	2,200
Mr G Acton - Joint Company Secretary		
- Provision of management services to SolarpowerRex Pty Ltd	**-**	9,134
- Provision of consulting, secretarial and payroll services to subsidiaries within the Group	**140,241**	226,694
Related party		
AstiVita Limited		
- Purchase of materials including bathroom, kitchen and solar products	**1,303,637**	1,556,240
- Accounting & general services	**7,585**	2,964
Advance ZincTek Limited		
- Accounting & general services	**15,449**	13,540
Associates:		
Senterprisys Limited (Formerly Resiweb Limited)		
- Computer support services provided to the Group	**925,803**	964,661
- Administration services provided to the Group	**17,919**	-
Veganic SKN Limited		
- Administration services provided to the Group	**2,975**	-
CyberguardAU Pty Ltd		
- Software services provided to the Group	**24,920**	4,064
Winothai Pty Ltd		
- Management services provided to the group	**27,640**	11,050
Bart Inc Family Trust		
- Provision of management services to Solarpowerrex Pty Ltd	**645**	423

Notes to the Financial Statements
For the Year Ended 30 June 2022

32 Related Party Transactions

(b) Transactions with related parties

(iii) Outstanding balances

	2022 $	2021 $
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Amounts receivable for construction material supplied and miscellaneous services by Dixonbuild Pty Ltd	**3,562**	3,860
Related party		
AstiVita Limited		
- Amounts receivable for sales	**-**	30,198
- Amounts receivable for IT & Admin services and rent	**-**	13,567
- Amounts payable for purchases from Dixonbuild Pty Ltd	**-**	-
Associates		
Senterprisys Limited (Formerly Resiweb Limited)		
- Amounts payable for purchases from Dixonbuild Pty Ltd and Dixon Systems Pty Ltd	**1,408**	517
- Amounts receivable for accounting services by Dixonbuild Pty Ltd & rent & electricity	**40,876**	-
Advance ZincTek Limited		
- Amount receivable for sales	**1,925**	84,067
- Amount receivable for IT & tenant services	**27,450**	42,410
- Amounts payable for purchases	**105,711**	-
G&S Quality Systems Pty Ltd		
- Amount receivable for sales	**-**	5,755
- Amount receivable for electricity	**433**	-
- Amount receivable for rent	**486**	-
- Amount receivable for car insurance	**3,415**	-
CyberGuardAU Pty Ltd		
- Amount receivable for rent	**1,385**	-
Veganic SKN Limited		
- Amount receivable for professional services	**935**	-
- Amount receivable for sales with AstiVita Ltd	**557,042**	-

Notes to the Financial Statements
For the Year Ended 30 June 2022

33 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 77% (2021 89%) of the Group's current trade receivables were individual construction contracts which were secured by external lending institutions. The largest single construction receivable was $124,968 (2021 $214,130) and has been fully received. The remainder of the Group's current trade receivables is represented by debtors of the Franchise segment. The largest single receivable was for $267,079 (2021 $198,991). 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 receivables 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 (net of any provisions) as presented 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 9. Refer to Note 9 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.

Notes to the Financial Statements
For the Year Ended 30 June 2022

33 Financial Risk Management

(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 (e.g. 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 and Construction Commission and NSW Home Owners Warranty Scheme. 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 is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

	2022 000's	2021 000's
Current assets	**34,333**	32,373
Current liabilities	**(7,812)**	(8,655)
Working capital	**26,521**	23,718

The table below reflects 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 12 months		1 to 5 Years		Greater than 5 Years		Total *	
	2022 000's	2021 000's	2022 000's	2021 000's	2022 000's $	2021 000's $	2022 000's	2021 000's
Financial liabilities due for payment								
Trade and other payables	**6,180**	7,164	**-**	-	**-**	-	**6,180**	7,164
Lease liabilities	**1,053**	1,052	**3,746**	2,891	**889**	1,100	**5,688**	5,043
Total contractual outflows	**7,233**	8,216	**3,746**	2,891	**889**	1,100	**11,868**	12,207

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

Notes to the Financial Statements
For the Year Ended 30 June 2022

33 Financial Risk Management

(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.

(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% (2021: +/-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.

Consolidated	2022 $'000s		2021 $'000s	
	+1%	**-1%**	**+1%**	**-1%**
Profit	52	(52)	38	(38)
Equity	52	(52)	38	(38)

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.

34 Events Occurring After the Reporting Date

Except for the above, no other 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.

Notes to the Financial Statements
For the Year Ended 30 June 2022

35 Earnings per Share

(a) Earnings used to calculate overall earnings per share

	2022 000's	2021 000's
Profit attributable to members of the parent entity used in the calculation of basic and diluted EPS	**2,887**	6,455

(b) Weighted average number of shares used

	2022 No.	2021 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	**29,680,131**	28,312,713

36 Company Details

The registered office of the company is:

Tamawood Group
1821 Ipswich Road
Rocklea QLD 4074

The principal places of business are:

Dixon Homes
1821 Ipswich Road
Rocklea
Queensland 4106

Dixon Homes
684 Nicklin Way
Currimundi
Queensland 4572

Dixon Homes
Shop 1, 10 Kerr St.
Ballina
New South Wales 2478

Dixon Homes
Unit 1, 50 Lawrence Drive
Nerang
Queensland 4211

Dixon Homes
Suite 11, 39 Old Cleveland Rd
Capalaba Business Centre
Queensland 4157

Dixon Homes
992 Gympie Road
Chermside
Queensland 4032

Dixon Homes
12A, 189 Anzac Ave
Toowoomba
Queensland 4350

Dixon NSW
Shop 2, 95 Hastings River Dr
Port Macquarie
New South Wales 2444

Dixon Homes
Shop 3, 98 River Road,
Gympie
Queensland 4570

Dixon Homes
4424 Warrego Highway
Plainlands
Queensland 4341

Dixon NSW
137 Melbourne St.
East Maitland
New South Wales 2323

Dixon Homes
80 Boat Harbour Drive
Pialba
Queensland 4655

Dixon Homes
305 Pacific Highway
Coffs Harbour
New South Wales 2450

Directors' Declaration

For the Year Ended30 June 2022

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2022 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 Managing Director 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.

RLynch.

Mr Robert Lynch
Non-Executive Chairman

Dated: 24 August 2022

William Buck
ACCOUNTANTS & ADVISORS

Tamawood Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tamawood Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

William Buck

Uninvoiced completed works and revenue recognition	
Refer also to notes 1(e) 1(o) , 1(s) and 10	**How our audit addressed it**
Uninvoiced completed works of $17.677million and revenue of 89.167million is significant to the financial statements. Uninvoiced completed works is based on the application of AASB 15 Revenue from Contracts with Customers, with revenue recognised in accordance with the stage of completion based on the input method. The calculation of the stage of completion of the contract activity is based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs and is material to the estimation of revenue to be recognised in the financial statements.	Our audit procedures included: — On a sample basis, performing site inspections throughout the financial year to determine the status of construction projects and compared this to the Group's accounting records and construction information system; — Testing the design and operation of controls regarding the recognition of revenue and work in progress; — Analysis of data contained in the construction information system, including tracing back to individual contracts; — Substantive tests of details in respect of tracing to individual contracts, bank statements and construction information system and accounting records; — Analytical procedures in respect of gross margin, number of contracts signed, progress payments received and constructions completed. We have also assessed the adequacy of disclosures in the notes to the financial statements.

Business Combination – purchase of Astivita Limited	
Refer also to note 30	**How our audit addressed it**
The Group acquired Astivita Limited on 31 May 2022. Accounting for this transaction is complex and required significant judgements and estimates by management on the initial entries recorded, specifically: - to determine the fair value of assets and liabilities acquired in the context of Australian Accounting Standards; and - to determine the fair value of the consideration, including assessment of the transaction occurring by issue of shares in two tranches. As such this matter has been determined as a key area of focus for our audit.	Our audit procedures included: — Assessing that the acquisition target meets the definition of a business under *AASB 3 – Business Combinations;* — Reviewing the sale and purchase agreement to understand the key terms and conditions of the acquisition, including the date that control passed to Tamawood Ltd — Assessing the fair value of the consideration issued in shares — Assessing the applicability of tax losses and the DTA acquired — Assessing the group's provisional determination of the purchase price allocation and fair value of net assets acquired; and We also assessed the adequacy of the Group's disclosures in respect of the acquisition in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

William Buck

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 13 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Tamawood Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

William Buck

William Buck (Qld)
ABN 21 559 713 106

M. Monaghan

M J Monaghan
Director

Brisbane 24 August 2022

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 15 August 2022.

Voting rights

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

Distribution of equity security holders

Holding	No. of Shares	No. of Holders
1 – 1,000	364,183	1,924
1,001 – 5,000	1,502,189	528
5,001 – 10,000	1,515,104	204
10,001 – 100,000	5,751,729	233
100,001 and over	25,612,098	20
	34,745,303	**2,909**

There were 1,581 holders of less than a marketable parcel of ordinary shares

Corporate Governance Statement
30 June 2022

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 activities around home design, project management services and home contract construction.

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").

Tamawood Limited has adopted the recommendations of the ASX Corporate Principles and Recommendations Edition 4. Tamawood has completed and lodged an Appendix 4G and Corporate Governance Statement in conjunction with the lodgement of its Annual Report. Tamawood has clearly explained in its governance strategy where principles have been adopted and if not why not.

The company's charters, committees and corporate governance principles are on our website www.tamawood.com.au

Shareholder Information

Substantial shareholders

The number of substantial shareholders and their associates are set out below:

Twenty largest shareholders

	Number held	% of issued shares
ANKLA PTY LTD	8,980,963	25.85
RAINROSE PTY LTD	8,600,816	24.75
MUTUAL TRUST PTY LTD	1,706,563	4.91
NOWCASTLE PTY LTD	1,216,676	3.50
SUNSTAR AUSTRALIA PTY LTD	876,920	2.52
STODDART BUILDING PRODUCTS PTY LTD	597,491	1.72
RIPELAND PTY LTD	514,147	1.48
MR ROBERT PATRICK LYNCH + MS SINEAD JOSEPHINE LYNCH <LYNCH FAMILY S/F A/C>	512,500	1.48
MR TIMOTHY MARK BARTHOLOMAEUS + MS PATRESE CAROLINE BARTHOLOMAEUS <BART INC FAMILY A/C>	460,000	1.32
ODALREACH PTY LTD	430,907	1.24
MR ANDREW THOMAS + MRS TANIA THOMAS <AB THOMAS SUPER FUND A/C>	375,225	1.08
MR ANDREW BARRY THOMAS	210,779	0.61
MR JOSEPH KEVIN MIZIKOVSKY	182,743	0.53
COOLTRAC PTY LTD	181,140	0.52
ROLLEE PTY LTD	156,500	0.45
MIZI SUPERANNUATION PTY LTD <MIZI SUPER FUND A/C>	133,217	0.38
MRS MEREDITH BERNICE KUHNEMANN	129,500	0.37
GENERAL PACKAGING PTY LTD	125,131	0.36
FREEDMAN INVESTMENTS PTY LTD <FREEDMAN ENTERPRISES A/C>	114,112	0.33
IZMO PTY LTD <SIMIZ A/C>	106,768	0.31
	25,612,098	**73.71**

Securities exchange

The Company is listed on the Australian Securities Exchange (ASX code: TWD).

Share registry

The register of security holders of the Company is kept at the office of Computershare Investor Services Pty Limited.

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