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Tamawood Limited

ABN 56 010 954 499

Interim Financial Statements

For the Half Year Ended 31 December 2023

ABN 56 010 954 499
ASX Code: TWD

Contents

For the Half Year Ended 31 December 2023

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Chairman's Letter

Profit after tax for the first half FY24 of \$3.189 million is an increase of 289% on the FY23 first half result (\$819,000 first half FY23). An interim franked dividend is likely to be paid in June 2024. The amount of the interim franked dividend will be determined by the board in the next few months, when it has a better understanding of the effect of inclement weather on the building program.

Project DE-Risk superior software solution allowed us to quickly and precisely adjust costs, while advanced project management components reduced on site and processing delays. Excluding a few retirements key long-term staff and Management remained with the Company throughout this difficult period, which is deeply appreciated by the Board and Senior Management. This allowed us to remain profitable throughout a very difficult period.

Tamawood sales enquiries continue to be at levels we are happy with and Tamawood remains debt free with in excess of \$5.8 million cash in the bank. The availability of trades in most areas has stabilized and supply issues have been resolved mainly as a result of the ownership of our AstiVita Pty Ltd business.

While most things are positive the second and third quarter FY24 were negatively affected by wet weather, so much will depend on weather conditions for the remainder of the financial year.



Full Fees (deposits) are returning to levels the Board is happy with, while operating cost's remain in line with our long term average. Expected margin also continues to increase as a result of improved labour and supply availability.

Tamawood remained profitable in the recent difficult period without approaching clients for the cost of delays or supply increases once a Contract was signed. If the delay was not caused by issues the Owner is responsible for.

R. Lynch.

Robert Lynch
Non-executive Chairman

Dated 15 February 2024

Directors' Report

For the Half Year Ended 31 December 2023

Your Directors present their report on Tamawood Limited ("Tamawood") and its controlled entities ("the Group") for the half year ended 31 December 2023.

1. General information

Directors

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

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

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

Company secretaries

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

Principal activities and significant changes in nature of activities

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

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

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

2. Operating results and review of operations for the year

(a) The Result

Tamawood recorded a net profit after tax of \$3.189 million for the half year ended December 2023 (December 2022: \$819,000) an increase of nearly four times the prior half.

Further information is addressed in the Chairman's Letter

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Directors' Report

For the Half Year Ended 31 December 2023

3. Other Items

Significant changes in state of affairs

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

Events after the reporting date

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

ASIC Corporations Instrument 2016/191 rounding of amounts

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

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2023 has been received and can be found on page 4 of the financial report.

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



Robert Lynch
Non-executive Chairman

Dated 15 February 2024

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The Directors
Tamawood Limited
1821 Ipswich Road
ROCKLEA QLD 4106

Auditor's Independence Declaration

As lead auditor for the review of Tamawood Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

William Buck

William Buck (Qld)
ABN 21 559 713 106

J Latif

J Latif
Director

Brisbane 15 February 2024

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2023

		31 December 2023	31 December 2022
	Note	\$'000s	\$'000s
Revenue	2	44,239	37,876
Other income	2	206	559
Cost of sales		(33,142)	(32,171)
Accrued expenses adjustment (Unbilled)		(156)	1,976
Employee benefits expense		(3,472)	(3,628)
Lease Interest		(79)	(112)
Depreciation and amortisation expenses		(491)	(582)
Advertising		(337)	(145)
Consultancy		(379)	(486)
Rent Expenses		(53)	(170)
Warranty costs		(65)	(70)
Legal fees		(199)	(20)
Inventory written off / back		(112)	(20)
Other operating expenses		(1,390)	(1,840)
Profit before income tax		4,570	1,167
Income tax expense		(1,381)	(348)
Profit for the half year		3,189	819
Other comprehensive income for the half year		-	-
Total comprehensive income for the half year		3,189	819
Profit/(loss) attributable to:			
Members of the parent entity		3,189	819
Total comprehensive income attributable to:			
Members of the parent entity		3,189	819
Earnings per share			
Basic earnings per share (cents)		8.96 cents	2.35 cents
Diluted earnings per share (cents)		8.96 cents	2.35 cents

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

Tamawood Group

ABN 56 010 954 499

Consolidated Statement of Financial Position

As At 31 December 2023

	31 December 2023 \$'000s	30 June 2023 \$'000s
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5,841	5,231
Trade and other receivables	6,594	6,806
Uninvoiced completed works	17,987	16,463
Inventories - STC (Renewable energy certificates)	115	13
Inventory Appliances, Solar & Hot Water products	2,650	2,839
Other inventories	2	2
Prepayment and other deposits	694	398
Current tax assets	-	36
TOTAL CURRENT ASSETS	33,883	31,788
NON-CURRENT ASSETS		
Investments in associates	430	430
Property, plant and equipment	460	528
Right of use assets	2,880	3,274
Deferred tax assets	4,964	5,110
Intangible assets	5,543	5,543
TOTAL NON-CURRENT ASSETS	14,277	14,885
TOTAL ASSETS	48,160	46,673
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	3,148	2,691
Accrued expenses (Unbilled)	2,326	2,252
Lease liabilities	825	841
Provisions	655	567
Current tax liabilities	177	-
TOTAL CURRENT LIABILITIES	7,131	6,351
NON-CURRENT LIABILITIES		
Lease liabilities	2,411	2,789
Provisions	422	400
Deferred tax liabilities	5,437	4,916
TOTAL NON-CURRENT LIABILITIES	8,270	8,105
TOTAL LIABILITIES	15,401	14,456
NET ASSETS	32,759	32,217

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Consolidated Statement of Financial Position

As At 31 December 2023

	Note	31 December 2023 \$'000s	30 June 2023 \$'000s
EQUITY			
Issued capital		33,562	30,528
Reserves		(479)	(479)
Retained earnings		(472)	2,020
Total equity attributable to equity holders of Tamawood Limited		32,611	32,069
Non-controlling interest		148	148
TOTAL EQUITY		32,759	32,217

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

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Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2023

31 December 2023

	Ordinary Shares	Retained Earnings	General Reserves	Non-controll ing Interests		Total
Note	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Balance at 1 July 2023	30,528	2,020	(479)	32,069	148	32,217
Comprehensive income for the half year						
Profit / (Loss) for the half year	-	3,189	-	3,189	-	3,189
Other comprehensive income for the half year	-	-	-	-	-	-
Total comprehensive income for the half year	-	3,189	-	3,189	-	3,189
Transactions with owners in their capacity as owners						
Share issued during the half year	2,828	-	-	2,828	-	2,828
Incentive Shares Scheme	206	-	-	206	-	206
Dividends paid or provided for	4	(5,681)	-	(5,681)	-	(5,681)
Balance at 31 December 2023	33,562	(472)	(479)	32,611	148	32,759

31 December 2022

	Ordinary Shares	Retained Earnings	General Reserves	Non-controll ing Interests		Total
Note	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Balance at 1 July 2022	28,936	4,424	(479)	32,881	148	33,029
Comprehensive income for the half year						
Profit / (Loss) for the half year	-	819	-	819	-	819
Other comprehensive income for the half year	-	-	-	-	-	-
Total comprehensive income for the half year	-	819	-	819	-	819
Transactions with owners in their capacity as owners						
Share issued during the half year	1,536	-	-	1,536	-	1,536
Incentive Shares Scheme	-	-	-	-	-	-
Dividends paid or provided for	4	(4,517)	-	(4,517)	-	(4,517)
Balance at 31 December 2022	30,472	726	(479)	30,719	148	30,867

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

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2023

	31 December 2023 \$'000s	31 December 2022 \$'000s
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (including GST)	43,718	40,679
Payments to suppliers and employees (including GST)	(39,355)	(38,645)
Interest received	105	37
Lease interest paid	(79)	(112)
Income tax received / (paid)	(501)	671
Net cash provided by operating activities	<u>3,888</u>	<u>2,630</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	14	3
Purchase of property, plant and equipment	(5)	(51)
Net cash (used by) / provided by investing activities	<u>9</u>	<u>(48)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of lease liabilities	(433)	(461)
Dividends paid by the parent entity	(2,854)	(2,980)
Net cash used by financing activities	<u>(3,287)</u>	<u>(3,441)</u>
Net increase / (decrease) in cash and cash equivalents held	610	(859)
Cash and cash equivalents at beginning of the period	<u>5,231</u>	<u>5,244</u>
Cash and cash equivalents at end of the half year	<u><u>5,841</u></u>	<u><u>4,385</u></u>

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

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

1 Material Accounting Policy Information

(a) Basis of Preparation

This condensed interim financial report for the half year reporting period ended 31 December 2023 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Tamawood Limited and controlled entities ("the Group"). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2023, together with any public announcements made during the half year.

Rounding of amounts

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

Accounting Policies

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

(b) New Accounting Standards Adopted by the Group

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

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

(c) Fair Value Measurement

The Group has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable / payable is either close to market rates or the instruments are short term in nature.

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

2 Revenue and Other Income

	31 December 2023 \$'000s	31 December 2022 \$'000s
Sales revenue		
- Construction contract revenue	40,157	35,144
- Un-invoiced completed works adjustment	2,215	305
- Renewable energy certificates	391	599
- Franchise revenue	253	331
- Sales – Appliances, Solar & Hot Water products	902	1,244
Other revenue		
- Interest revenue	105	37
- Rental income	216	216
	<u>44,239</u>	<u>37,876</u>
Other Income		
- Other income	206	559
Total other income	<u>206</u>	<u>559</u>

3 Operating Segments

Segment information

The Group has identified it has one operating segment based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

4 Dividends

(a) Dividends - Interim

	31 December 2023 \$'000s	31 December 2022 \$'000s
The following dividends were declared and paid:		
Final dividend of 16 cents (unfranked at 30%) per fully paid share paid on 8 December 2023	5,681	-
Final dividend of 13 cents (unfranked at 30%) per fully paid share paid on 9 December 2022	-	4,517
Total	<u>5,681</u>	<u>4,517</u>

Notes to the Financial Statements
For the Half Year Ended 31 December 2023

5 Issued Capital

31 December	30 June
2023	2023
\$'000s	\$'000s

36,679,080 (30 June 2023: 35,436,742) Ordinary shares fully paid	33,562	30,528
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(a) Movement in ordinary shares

	31	31
	December	December
	2023	2022
	No.	No.
At the beginning of the reporting period	35,436,742	34,745,303
Shares issued during the year		
- Dividend re-investment	1,163,738	665,149
- Employee Share Scheme and Customer reward program	78,600	-
At the end of the reporting period	36,679,080	35,410,452

6 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2023 (31 December 2022: None).

7 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

8 Related Parties

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

Amounts receivable from related parties for the sale and purchase of goods and services are unsecured and interest free and are included in the balances of trade and other receivables. Balances are settled within normal trading terms or as per agreement with the Board. No allowance for expected credit losses has been recognised on these outstanding balances, nor have any bad debt expenses been incurred.

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

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

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

8 Related Parties (Cont'd)

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

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

(b) Transactions with related parties

(i) Sale of goods and services

	31 December 2023 \$	31 December 2022 \$
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Sales to an entity controlled by Mr L Mizikovsky - construction	5	-
Mr G Acton - Joint Company Secretary		
- Rent on sub-leased property	6,102	5,617
- Electricity	-	165
Related Parties:		
Advance ZincTek Limited (ANO)		
- Sales to ANO for IT and administration services, construction material at cost and rent on sub-leased property	117,798	108,786
Associates:		
SenterpriSys Limited (SPS)		
- Rent on sub-leased property	-	5,466

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

8 Related Parties (Cont'd)

(b) Transactions with related parties (Cont'd)

(ii) Purchase of goods and services

	31 December 2023 \$	31 December 2022 \$
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Rental payments for premises to an entity controlled by Mr L Mizikovsky	-	-
Mr G Acton - Joint Company Secretary		
- Provision of Consulting, Secretarial & Payroll Services to subsidiaries within the Group	103,228	62,879
Advance ZincTek Limited (ANO)		
- Purchase of administration services, expenditure on charged at cost and accounting services	96,661	98,181
Associates:		
Senterprisys Limited (SPS)		
- Complete Support Services provided to the Group	443,327	467,042
CyberguardAU Pty Ltd		
- IT services	-	13,150
Winothai Pty Ltd		
- Management services	14,300	24,956

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Notes to the Financial Statements
For the Half Year Ended 31 December 2023

8 Related Parties (Cont'd)

(b) Transactions with related parties (Cont'd)

(iii) Outstanding balances

	31 December 2023	31 December 2022
	\$	\$
Key management personnel:		
Mr L Mizikovsky - Non-executive Director		
- Amounts receivable for construction material supplied by Dixonbuild Pty Ltd	-	2,155
Advance ZincTek Limited (ANO)		
- Amounts receivable	122,477	69,550
- Amounts payable	4,817	149,781
Associates:		
Senterprisys Limited (SPS)		
- Amounts receivable for accounting services by Dixonbuild Pty Ltd and Dixon Systems Pty Ltd	1,610	46,587
- Amounts payable for purchases from Dixonbuild Pty Ltd and Dixon Systems Pty Ltd	-	71,590
Veganic SKN Limited		
- Amounts receivable from professional services	256,109	495
- Amounts payable for sale with Astivita Limited	-	699,790
G&S Quality System Pty Ltd		
- Amounts receivable for electricity, rent, & car insurance	6,754	4,517
CyberGuardAU Pty Ltd		
- Amounts receivable for rent	-	1,385

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Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Robert Lynch
Non-executive Chairman

Dated 15 February 2024

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Tamawood Limited
Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Tamawood Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

William Buck

William Buck (Qld)

ABN 21 559 713 106

J Latif

J LATIF
Director

Brisbane 15 February 2024