

11 May 2018

TWD Reaffirms Fully Franked Dividend

Tamawood reaffirms today that the final fully franked dividend of 16 cents will be maintained.

Investment in Senterprisys Software

The Board of Tamawood has agreed to participate in the upcoming rights issue in Senterprisys Limited to be completed in first half FY19. The Board anticipates that the cash outlay will be approximately \$350,000. We also note that depending on the independent valuation of Senterprisys Limited, there may be a material increase in the value of the investment in Senterprisys Limited on the Tamawood balance sheet.

FY18 Production

Sales have stabilised, however the FY18 turnover of Tamawood, as foreshadowed in prior ASX announcements, has been negatively impacted by a combination of issues:

- There have been significant delays experienced by customers receiving confirmation of bank approvals, as a consequence of the recent Banking Royal Commission, resulting in commencement of construction being delayed.
- There has been a significant amount of inclement weather causing production delays over the last three months.
- The set up costs in expanding the regional NSW operations combined with the margin erosion experienced in Sydney due to significant delays between signed contracts and land registration caused subcontractor and supplier price rises above those initially estimated.
- Recent changes in enforcement processes by the Queensland Building and Construction Commission ("QBCC") has resulted in significant costs including legal fees defending the actions taken by the QBCC. Three out of the four matters have now been withdrawn by the QBCC at the Tribunal, however, this has still impacted the business with additional administrative costs and significant amounts of management time in handling the matters.

The Board is currently working through what consequences this will have on our final earnings for FY18 and will keep the market informed.

FY18 Sales

The Board reaffirms that these issues will have no impact on the final dividend and the fully franked final dividend will remain at 16 cents. The current sales indicate that the existing total dividend is sustainable into the foreseeable future.

Robert Lynch
Chairman