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Annual Report AND
Financial Statements





President's Report

As I complete my seventh and final term as President, I am pleased to present the President's report on behalf of the board of TABMA (NSW) Ltd.

The past twelve months were again a very bearish period with a tight housing market in NSW and uncertainty due to the coming Federal election. Both members and TABMA were forced to closely assess their costs as we saw several members close their businesses in the face of changes and a harsh business environment.

Disappointingly, efforts during the year to establish the national entity TABMA (Aust) Ltd and to trade as TABMA (VIC) in Victoria fell short of expectations with TABMA (Aust) Ltd ceasing trading during April 2007. The board's sentiment still endorses the necessity to the future perusal of a national body.

TABMA has directly felt the impact of these conditions as import volumes, from the West Coast of America, handled by TABMA's waterfront timber handling business, Timber Tallying (NSW) Pty Ltd, remained at record low levels. Target numbers for trainees and apprentices fell short on budget and membership numbers of the association remained static. Our credit bureau, BTC, experienced a drop in member numbers. TABMA's associated training company, TEMS, also suffered due to a lack of training positions with the business being voluntarily wound down during July 2007.

This environment forced management into a major restructure towards the end of June 2007 incurring in excess of \$200,000 in abnormal costs including staff retrenchments, office downsizing, costs associated with the TABMA (Aust) Ltd project and equity losses from the wind down of TEMS.

As Kevin Collison approaches his seventh year as CEO the board has felt the need to refocus the association's future, hence a new appointment for a CEO will be sought in the coming months. Kevin has positioned the association to its current consolidated position and we look forward to the new CEO continuing and enhancing Kevin's achievements.

Last year I reported the purchase of the property at Pymont Bridge Road, Pymont to secure the long term future of the association through rental income and development potential and that TABMA with TDA, FPA and TEMS were potential tenants at the site. Plans to relocate were discontinued when it was agreed by all parties that the available area at this point in time was not suitable. TABMA has since been able to lease this vacant area to CSR. The property purchase achieves an 8% return on investment.

With rental income now secured at Pymont and a major restructure in place the future now looks to be on a sound footing with a profit for the group forecast during 2007/08. While keeping focused on these commercial activities your board is aware of the importance of membership services that are designed to assist our industry sector in providing support and representation for its members.

I would like to thank the board for its continued support on the many hard decisions that needed to be made in order to preserve the association's relevance and viability.

Danny Gattone

2007

Chief Executive Officer's Report

Again we have seen another tough year for members and the association. The downturn in the industry has shown little sign of relief with more members closing their doors.

The board has recognised the importance of membership services and so during the year surveyed members to establish what assistance members need during these difficult times. TABMA conducted preliminary investigation with the Australian Competition and Consumer Commission into re-introducing a TABMA Recommended Price Book however due to lack of interest from members for this service we did not proceed any further. In the coming year we plan to look to introducing OH&S consultancy/Workers Compensation advisory services, update TABMA finished profile booklet and start assessing possible marketing support programs for members.

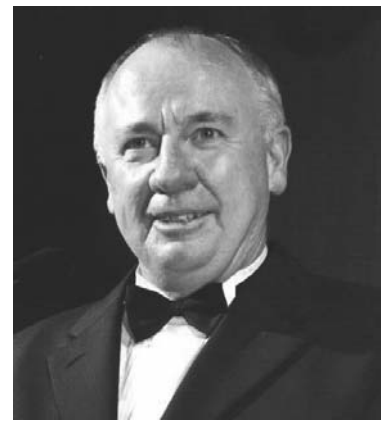
The board again devoted much of its time to commercial activities including a major restructure, continuing changing environment for the timber handling facility at Port Kembla for Timber Tallying (NSW) Pty Ltd and the failed formation of a national association in TABMA (Aust) Ltd.

We continue to representing your interests with both Federal and State Governments to assist in the eradication of the European House Borer that has re-emerged in Western Australia, continued to lobby the Federal Government on its proposal to introduce chain of custody certification for all timber imports, lobby the NSW Government on Workers' Compensation reform and currently working with NSW Government on Extended Producer Responsibility for the End-Of-Life Cycle for treated timber.

Maintaining member contact was also on our agenda by conducting industry bus tours and information dinner nights.

The purchase of commercial premises at Pyrmont will be the foundation for the association's survival even though the planned establishment of a "Timber Industry House" as the site for TABMA, TDA, FPA and TEMS did not go ahead as planned.

I would like to acknowledge the continued support of suppliers to our industry including the timber wholesale sector especially their sponsorship of TABMA's activities including our premiere event, The TABMA Annual Awards.



Also, I acknowledge the support and contribution of the TABMA board during a year where several important commercial decisions were made. As a result of changes to the association's constitution I look forward to a new board structure with increased representation from the merchant/fabricator sector. Finally I would like to thank members for support of the association in particular the use of our commercial activities including group training, recruitment and BTC.

Kevin Collison

ASSOCIATION ACTIVITIES

Board Structure

Following from a recommendation by the board, members at a general meeting held 26th April 2007 approved the adoption of a new constitution to: modify the structure of the board to ensure that merchant/fabricator members are represented by no less than 60% of board positions; and update the current Memorandum & Articles of Association, that are based on the NSW The Companies Act 1961, by replacing them with a constitution that will more appropriately reflect the laws under which the company is now governed being the Commonwealth Corporations Act of 2001.

The changes to the structure of the board will come into effect from the Annual General Meeting on November 1, 2007.

Tabma (WA)

Member support and activity in Western Australia continues to build momentum with the appointment of a fulltime manager Graham Whyte in November 2006 with member numbers increasing to 42. Industry sectors include timber wholesalers, truss & frame, retail & trade, saw millers, timber treaters, panel suppliers, importers, transport companies, flooring and timber manufacturers. Member functions were held, including sundowners, and breakfasts with guest speakers. Headed by John O'Neil, the management committee is very pro-active and committed to the growth of Western Australia.

Price Book

For many years TABMA published a recommended price list for its members, setting out recommendations for various items sold by member merchants to builder and trade customers. This TABMA recommended price list was published up until 1995 at which time an exemption under the Trade Practices Act which facilitated the publication of such lists was removed by the Competition Reform Act 1995. TABMA surveyed members to determine if

there was a need for TABMA to again publish a recommended price list. The outcome was that there was a small minority that would use a price list and given the significant cost to apply to the Australian Competition and Consumer Commission for permission to publish a price list the TABMA board decided not to proceed.

European House Borer

TABMA represented members at a meeting held by Primary Industries Ministerial Council (PIMC) in Canberra to discuss a program to manage the recent emergence of the European House Borer in the Perth metropolitan area. The PIMC agreed that the program be re-assessed by November 2007 for a decision on continuation, based on confirmation of eradication feasibility, industry funding contribution and any improved Government cost sharing arrangements being developed.

Australian Forestry Standard Limited Technical Committee

TABMA has a representative on the Australian Forestry Standard Technical Committee to represent members' needs regarding Illegal Logging – Chain of Custody.

Finished Size & Profiles Book

TABMA's Finished Sizes and Profiles 2005 book is due for updating both to reflect changes in various standards and products and to produce drawings to scale. This project has been targeted for 2008.

Website

The TABMA website has had a major overhaul. You now get improved exposure with postcode searches for nearest TABMA member as well as access to relevant and up to date industry information.

Annual Awards

■ Awards Night

The Annual Awards Dinner, held on 18 November

2006 at The Hilton Sydney, again was well supported and very successful with over 300 guests in attendance. The feedback we receive is always positive and this is a night not to be missed with this year's awards being held at the new venue, The Four Seasons Hotel, 199 George St Sydney, on 10 November 2007. Award winners were:

■ Gold Awards

Member of the Year – Swadlings Timber & Hardware, Rosebery; Supplier of the Year – ITI (NSW) Pty Limited, St Marys; Wholesaler of the Year – Hyne Timber, Cameron Park; Best Building Materials Centre, State Wide – New Line Building Supplies, Dural; Best Frame & Truss Centre, State Wide – Oxley Timber Company, Goulburn.

■ Silver Awards

Best Building Materials Centre, City Region – New Line Building Supplies, Dural; Best Building Materials Centre, Country Region – GBS Mitre 10, Orange; Best Frame & Truss Operation, City Region – Austek Frames & Trusses, Smithfield; Best Frame & Truss Operation, Country Region – Oxley Timber Company, Goulburn; Best Specialist Timber Merchant – Fedwood Pty Limited, Leichhardt; Best Timber Manufacturing Operation – Annandale Timber & Moulding, Wetherill Park; Best Traditional Timber Yard – Peninsula Timbers Pty Ltd, Cromer; Most Improved Establishment – Swan Le Messurier Pty Ltd, Smithfield; Best Building Supplies Warehouse over 6,000 sqm, Country Region – Magnet Mart, Albion Park Rail; Exceptional Customer Service – GBS Mitre 10, Orange; Sales Representative of the Year – Wayne Prosser, Tasman KB Pty Ltd, Belrose; Apprentice of the Year – Anthony Shakar.

■ Training Awards

Host Trainer of the Year – Austimber Supplies Pty Ltd; Trainee of the Year – Nathan Lee.

GENERAL MEMBER BENEFITS

- **Code of Ethics** – Code of ethics were reviewed during the year.
- **TABMA Website** – www.tabma.com.au is full of useful information including list of TABMA members, industry events, project sheets and useful links. We will be developing the site on an ongoing basis.
- **Mobil Oil** – TABMA has an excellent arrangement with MOBIL who provide substantial discounts on Unleaded and Diesel fuels to members. Members have a facility to save over 5% on your annual fuel bill
- **Industry Specific or Commercial Advice** – TABMA keeps abreast of all technical, commercial, legislative and bureaucratic issues that impact on our industry and possibly your business. While important and critical issues are communicated as they occur, members are invited to seek advice from TABMA anytime.
- **Technical Advice** – Through the TABMA relationship with the Timber Development Association you can obtain expert advice on complex issues relating to the correct use and/or specifications of timber products.
- **Group Buying Discounts** – We are continuously reviewing opportunities to use our membership base as leverage to buy commercial commodities or services at reduced rates and are keen to explore any product or services put forward by members.
- **D.I.Y Project Sheets** – These leaflets comprise of 26 different handyman projects known to generate the sale of substantial quantities of timber and associated products.
- **Members Activities** – Regular networking and information meetings are held in Sydney and regional locations and we encourage all members to attend these meetings. From time to time we conduct study tours in places of industry interest.
- **Research & Surveys** – We subscribe to a variety of surveys and statistical data on timber products and the building industry. This information is summarised and published in the newsletter, it is also available in depth to any member.
- **Customer Service Survey** – We conduct quarterly Customer Service Surveys for both Timber and Hardware aspects of consumer services. Comprehensive reports are provided to participating members.
- **Publications** – We publish a quarterly newsletter which is distributed to all members. The Association subscribes to many national and international publications from which relevant details are passed on to the various sectors of membership.
- **OH&S Services** – We have an OH&S specialist on our staff and provide a service which covers annual work place inspections, reports, reference manual and information hotlines.

COMMERCIAL ACTIVITIES

TABMA Training Pty Ltd

We still support Equal Employment Opportunity for Women (EEO) and again submitted our report to Government in this area. Trainee and apprentice numbers fell slightly during the year with on average just over 100 trainees/apprentices employed by TABMA Training which is a reflection of the industry downturn. Our group training company continues to be a cost effective means for members to employ new staff being a vehicle to increase the skills base in our industry.

TABMA Eastwide Pty Ltd

Through this division we provided a permanent placement service where members used TABMA to find people to fill permanent and casual vacancies. TABMA also offers an OH&S safety audit program through TABMA Eastwide.

Timber Tally (NSW) Pty Ltd

Volumes of American West Coast timber imported into NSW and handled on the wharf at Port Kembla by Timber Tally fell slightly from 11.0 million superfeet last year to 10.0 million superfeet year ending June 30th 2007.

Building Trade Credit (BTC)

BTC continued its service to industry providing valuable credit referencing information to suppliers to the building and construction industry via its new Web database www.btconline.com.au. BTC members now have instant access to the BTC credit database using sophisticated searching tools and user friendly interfaces and reports



TIMBER AND BUILDING MATERIALS ASSOCIATION (NSW) LIMITED

Incorporated in New South Wales • Associated Not For Gain • Limited by Guarantee

Councillors 2006/07 Danny Gattone, President – Swadlings Timber & Hardware Pty Ltd; Simon Olding, Vice President – Simon B Olding Pty Ltd; Peter Hutchison, Vice President – MiTek Australia Ltd; Norm Harrison – Australian Timber Industries Pty Ltd; John Walker – Belmont Timber Co Pty Ltd; Ron Gattone – Crescent Timber & Hardware Pty Ltd; Germano Tomassetti – ITI (NSW) Pty Ltd; Bob Frost – Tasman KB Pty Ltd; Michael Swan – Swan Le Messurier Pty Ltd; Nils Koren – Gunnensen; John Harrison – Harrison's Timber Pty Ltd; Ian Halliday – Harper Timber; Mark Hull – MCM Frame & Truss Pty Ltd; Brian Ziebell; – The Laminex Group

Chief Executive Officer Kevin Collison

Executive Assistant Melanie Firke

Company Secretary & Registered Office John Theoharris,
Level 7, 28 Foveaux Street, Surry Hills NSW 2010. Tel: (02) 9277

3100, Fax: (02) 9277 3199, Email: info@tabma.com.au

Staff Deanna Kearns – Executive Officer TABMA (QLD); Graham Whyte – Manager TABMA (WA); Kevin Kelly – Manager Timber Tallying; Rui Yu – Company Accountant; David Jones – Group Training & OH&S Consultant; Linda Ye – Administration Assistant; Janet Zhang – Payroll Apprentices/Trainees

Bankers ANZ Banking Group

Auditors Forsythes, Level 5, Hunter Mall Chambers, Newcastle NSW 2300

Subsidiary Companies Timber Tallying (NSW) Pty Ltd; TABMA-Eastwide Pty Ltd; TABMA Properties Pty Ltd; TABMA Training Pty Ltd