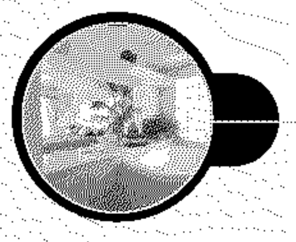


Letter to Our Shareholders

Dear Shareholder,

On behalf of the Board, we are delighted to report a 66% increase in post-tax earnings for the half year to December 2002 compared with the previous corresponding six months. The first half earnings have been achieved on revenue of $41.855 million (up 60%) and pre-tax profit of $3.265 million (up 68%).

For the full financial year to June 2002, Tamawood earned a post-tax profit of $3.381 million, and paid a fully franked dividend of 10 cents per share.

The December 2002 half-year result represents earning per share of 8.29 cents, and the Tamawood board has declared a fully franked interim dividend of 5.5 cents per share, payable 30 April 2003.

Tamawood is Queensland's largest homebuilder, currently commanding 9% of that market, and is franchising its highly successful building systems to building companies in other states of Australia. A recent Housing Industry Association research report ranked Tamawood among Australia's top-ten building companies.

Compared with the previous corresponding half year, the average value of homes built by Tamawood over the six-month period has increased by $9000 to $117,000.

The halving of the Federal Government's first-home-buyer grant from July last year has enabled Tamawood to concentrate more resources on higher value market segments. This factor, combined with significant efficiencies generated by our unique building systems and processes, our buying power, and our debt-free status gives us great confidence in our ability to cope profitably with the inevitable fluctuations in our industry.

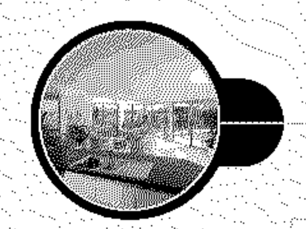
Tamawood's results are likely to continue their strong upward trend despite speculation of significant housing industry corrections. Forecasts by respected economic and building industry analyst, BIS Shrapnel, indicate Queensland will continue to dominate growth in net interstate migration from an estimated net growth of 24,000 people in financial year 2002 to 28,000 in 2005. Most of the Queensland gain of over 25,000 people per year will come from New South Wales which will lose around 21,000 people each year.

On behalf of the Board and the whole Tamawood Team, we express our thanks to you, our valued Shareholder, for your continued support.

Yours sincerely,

John Lyons
Chairman

Aretha Garlick
Managing Director



Financial Highlights

	June 2001 $,000 Half year	Dec 2001 $,000 Half year	June 2002 $,000 Half year	Dec 2002 $,000 Half year
Revenue	21,305	26,076	38,931	41,855
Net profit before tax	1,450	1,943	2,829	3,266
Net profit after tax	964	1,369	2,011	2,277
Market Share	7%	8%	8%	9%

TAMAWOOD LIMITED
(ABN 56 010 954 499)

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2002

NOTE 7: RELATED PARTIES

During the 2002 half-year, Levarian Pty Ltd (director related entity) entered into 22 residential construction contracts totaling $1,770,863 with TADC Pty Ltd, a 100% owned subsidiary, under normal residential construction arrangements and commercial terms.

NOTE 8: CONTINGENT LIABILITIES

Henley Arch Pty Ltd
The main litigation involving Tamawood is an action commenced in the Federal Court by Henley Arch Pty Ltd and Henley Properties (Qld) Pty Ltd against Tamawood, Lev Mizikovsky and one of our customers. The claim concerns an alleged breach of copyright of Henley Arch designs by Tamawood, Lev Mizikovsky and our customer. Tamawood is counter-claiming for damages in relation to adverse statements made to prospective customers of Tamawood by 3 Henley representatives.

Tamawood has agreed to indemnify its customer for all liability (including costs) arising from this litigation. Tamawood is defending the claims made by Henley Arch Pty Ltd and Henley Properties (Qld) Pty Ltd. Tamawood considers that any damages awarded against it, Lev Mizikovsky or its customer (if any), is likely to have an immaterial impact on its business or financial position. The main exposure of Tamawood connected with this litigation is for legal expenses. At this time, Tamawood considers it reasonably likely for legal expenses not to have a material impact on our business and financial position.

St George No Deposit Finance
During the half-year, Tamawood Finance Pty Ltd, a 100% owned subsidiary, entered into a no deposit finance arrangement with St George Bank. Tamawood Finance Pty Ltd has established a bank guarantee of $300,000 secured over the building as part of establishing this arrangement.