Tamawood Cements Record Profit

Improving margins, efficient working capital management and lower operating costs have enabled Tamawood to post a record profit result of $4.24m for the 2005 financial year. This result is up 6% on last year's record result.

Directors have declared a fully franked final dividend of 8 cents a share, taking the annual dividend to 13 cents.

Operating costs declined by 16% over the year to $8.9m.

In line with the decline in housing demand in South East Queensland, gross revenue fell by 22% to $66.3m. This decline has been largely off-set by higher margin fee income from the growing number of franchisees and affiliated builder networks now comprising 17% of revenues, compared to 13% in the 2004 financial year.

Tamawood has established several merchandising businesses with the objective of securing the company's supply chain and reducing input costs. These businesses are in the formative stages.

The on-going roll-out of Tamawood's franchisee business model and the direct importation of merchandise should see the current earnings momentum continue into the 2006 financial year.

The company's balance sheet remains debt-free and $5.3m is in the bank at 30 June 2005.

For further information please contact
Lev Mizikovsky (Managing Director) on 0412 848 222.

Appendix 4E

Preliminary Final Report

Name of Entity:	**TAMAWOOD LIMITED**
ABN:	**56 010 954 499**
Financial Year Ended:	**30 June 2005**
Previous Corresponding Period:	**30 June 2004**

RESULTS FOR ANNOUNCEMENT TO THE MARKET			Current period $A'000
Revenues from ordinary activities	Down 21.6%	to	$67 833
Profit (loss) from ordinary activities after tax attributable to members.	Up 6.12%	to	$4 245
Net profit (loss) for the period attributable to members	Up 6.12%	to	$4 245

Dividends	Amount per security	Franked amount per security
Final dividend	8c	8c
Interim dividend	5c	5c
Previous corresponding period		
Final dividend	5c	5c
Interim dividend	8c	8c

Record date for determining entitlements to the dividend	17 October 2005
Has the final dividend been declared	**Yes**

FINANCIAL STATEMENTS

Condensed consolidated statement of financial performance

	Current period - $A'000	Previous corresponding period - $A'000
Revenues from ordinary activities	67 833	86 533
Cost of sales	(52 718)	(69 937)
Advertising	(1 506)	(1 409)
Depreciation and amortisation	(519)	(822)
Employee benefits expenses	(4 141)	(4 626)
Consultants	(369)	(340)
Administration expenses	(2 104)	(2 867)
Other operating expenses	(260)	(578)
Profit from ordinary activities before income tax	6 216	5 954
Income tax expense	(1 971)	(1 954)
Net Profit after tax	4 245	4 000
Net profit (loss) attributable to outside equity Interests	-	-
Net profit (loss) for the period attributable to members of Tamawood Limited	4 245	4 000
Non-owner transaction changes in equity		
Increase (decrease) in revaluation reserve	-	-
Total changes in equity not resulting from transaction with owners as owners	**4 245**	**4 000**

Notes to the condensed consolidated statement of financial performance

	Current period - $A'000	Previous corresponding period - $A'000
Contract Construction revenue	55 196	73 629
Building design and preliminary project management fees	9 964	10 764
Franchise Revenue	1 168	685
	66 328	85 078
Revenue from outside the operating activities:		
Sale of imported goods	663	-
Sales of Display Homes	-	484
Sub-lease rentals	209	206
Interest non-related parties	452	372
Others items	181	393
	1 505	1 455
Revenue from ordinary activities	67 833	86 533
Operating Profit		
Profit from ordinary activities before income tax includes the following specific net gains and expenses:		
Net Gains		
Net gain/ (loss) on disposal of:		
Property, plant and equipment	7	(18)
Expenses		
Depreciation of:		
Building improvements	36	-
Motor vehicles and office equipment	483	490
	519	490
Amortisation of:		
Brands and designs	-	258
Franchise system	-	74
	-	332
Other provisions:		
Employee entitlements	26	-
Warranty	(170)	-
		-
Rental expense relating to property leases (net)	207	185

Condensed consolidated statement of financial position

	At end of current period $A'000	As shown in last Annual Report $A'000
Current Assets		
Cash	5 295	4 115
Receivables	3 721	4 479
Inventories	6 935	7 541
Other (provide details if material)	282	411
Total current assets	**16 233**	**16 546**
Non-current assets		
Receivables	1 822	1 918
Property, plant and equipment (net)	6 952	6 508
Intangibles (net)	-	-
Tax assets	563	829
Total non-current assets	**9 337**	**9 255**
Total assets	**25 570**	**25 801**
Current liabilities		
Payables	4 114	7 244
Tax Liabilities	1 587	298
Provisions	273	434
Other	284	335
Total current liabilities	**6 258**	**8 311**
Non-current liabilities		
Tax Liabilities	1 156	2 196
Provisions	392	521
Total non-current liabilities	**1 548**	**2 717**
Total liabilities	**7 806**	**11 028**
Net assets	**17 764**	**14 773**

	At end of current period $A'000	As shown in last Annual Report $A'000
Equity		
Contributed equity	11 969	10 181
Reserves	1 550	1 550
Retained profits (accumulated losses)	4 245	3 042
Equity attributable to members of Tamawood Limited	**17 764**	**14 773**
Outside equity interests in controlled entities	-	-
Total equity	**17 764**	**14 773**

Condensed consolidated statement of cash flows

	Current Period $A'000	Previous corresponding period - $A'000
Cash flows related to operating activities		
Receipts from customers (GST Inclusive)	75 421	85 039
Payments to suppliers and employees (GST Inclusive)	(71 243)	(80 156)
Interest Received	452	372
Income taxes paid	(1 457)	(1 679)
Interest Expense	(5)	-
Net operating cash flows	**3 168**	**3 576**
Cash flows related to investing activities		
Payment for property, plant and equipment	(1 126)	(362)
Proceeds from sale of property, plant and equipment	171	47
Loans to other related entities	221	(99)
Net investing cash flows	**(734)**	**(414)**
Cash flows related to Financing Activities		
Repayment of loans by related parties	-	246
Dividends paid	(1 254)	(2 351)
Net financing cash flows	**(1 254)**	**(2 105)**
Net increase (decrease) in cash held	1 180	1 057
Cash at beginning of period	4 115	3 058
Cash at end of period	5 295	4 115

Reconciliation of cash at the end of the period	Current Period $A'000	Previous Corresponding period - $A'000
Cash on hand and at bank	1 251	148
Deposits at call	4 044	3 967
Total cash at end of period	5 295	4 115

BROKER INFORMATION

Control gained over entities having material effect – Nil

Loss of control of entities having material effect – Nil

Consolidated retained profits

	Current period - $A'000	Previous corresponding period -$A'000
Retained profits (accumulated losses) at the beginning of the financial period	3 042	3 033
Net profit (loss) attributable to members	4 245	4 000
Dividends and other equity distributions paid or payable	(3 074)	(3 991)
Retained profits (accumulated losses) at end of financial period	**4 213**	**3 042**

Comparison of half year profits

	Current year - $A'000	Previous Year - $A'000
Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year	2 029	3 574
Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	2 216	426

DIVIDENDS

Date the dividend is payable	28 October 2005
Record date to determine entitlements to the dividend	17 October 2005
Quoted "Ex" on ASX	10 October 2005

Amount per Security

		Amount Per Security	Franked amount per security at 30% tax
Final dividend:	Current Year	8c	8c
	Previous Year	5c	5c
Interim Dividend:	Current Year	5c	5c
	Previous Year	8c	8c

Total dividend per security	Current Year	Previous Year
Ordinary Securities	13c	13c

Total final dividend per security	Current period $A'000	Previous corresponding period - $A'000
Ordinary securities	2 539	1 527

The dividend reinvestment plan is in operation for this dividend.

The last date for receipt of election notices for the dividend plan is 17 October 2005

There are franking credits available as at 30 June 2005

Issued and quoted securities at end of current period

Category of securities	Total Number	Number quoted	Issue price per security	Amount paid up per security
Ordinary securities	**31 733 329**	**30 085 809**	**-**	**-**
Changes during current period (a) increases through issues	1 184 806	1 184 806	-	-
(b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-

COMMENTARY ON RESULTS

RATIOS

Earning per Security (EPS)	Current period	Previous corresponding period
Basis EPS	13.73 cents	13.50 cents
Diluted EPS	13.73 cents	13.50 cents
Weighted Average Number of Share	30 906 845	29 584 905
Profits before tax/ Revenue		
Consolidated profit (loss) from ordinary activities before tax as a percentage of revenue	9.16%	6.88%
Profit after tax/ equity interests Consolidated net profits (loss) from ordinary activities after tax attributable to members as a percentage of equity	23.89%	27.07%
Net Tangible Assets		
Net tangible assets backing per ordinary Security	**55.98cents**	**48.36 cents**

SEGMENT INFORMATION

Tamawood's primary segment is South East Queensland. Despite an overall decrease in the housing market in Queensland, Tamawood maintained its position as Queensland's leading residential builder. This decrease is reflected in the drop in total revenue by some 25%. This decrease was offset by an improvement in margins and a rigorous scaling back of operating expenses. Project Management revenue was similarly affected by the decrease falling 7.4%. Our growth in the franchising segment is reflected by its increase of some 70.5% in gross revenue.

International Financial Reporting Standards

The consolidated entity has evaluated the financial impact of key differences in accounting policies that are expected to arise from adopting Australian equivalents of the International Financial Reporting Standards ("AIFRS") from 1 January 2005. Based upon current information, the adoption of AIFRS from 1 January 2005 should have no material effect on the consolidated entity's reported financial performance, cash flows, or assets, liabilities and contributed equity as disclosed in the Statements of Financial Position other than in respect of income tax.

Under the AASB112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based upon the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity. This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current deferred taxes cannot be recognised directly in equity.

The consolidated entity has assessed the impact of adopting AASB112 as being the recognition of deferred tax liability in relation to the consolidated entity's asset revaluation reserve of approximately $465,000. As such, under AIFRS the net assets and total equity of the consolidated entity would decrease by approximately $465,000 as follows:

Reconciliation of total equity	2005 $'000	2004 $'000
Total equity as reported under Australian Accounting Standards at 30 June	17 764	14 773
Adjustment relating to the recalculation of deferred tax	465	465
Total equity as restated	$17 299	$14 308

Reconciliation of operating profit after tax		
Net profit for the year ended 30 June 2005 as reported under Australian Accounting Standards	4 245	
Adjustment relating to the recalculation of deferred tax	-	
Net profit as restated under AIFRS	$4 245	

AUDIT & COMPLIANCE STATEMENT

This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

This report does give a true and fair view of the matters disclosed.

This report is based on accounts, which are in the process of being audited.

The entity has formally constituted audit committee.

OTHER INFORMATION

Annual Meeting
(preliminary final report only)

The annual meeting will be held as follows:

Place Brisbane Polo Club

Date 4 November 2005

Time 12.30pm

Approximate date the annual report will be available

Sign here: .... Date:............................
(Director/Company Secretary)

Print Name: ....