CHAIRMAN'S ADDRESS
TAMAWOOD 2005 ANNUAL GENERAL MEETING

Ladies and Gentlemen

On behalf of the Board, I would like to give you a condensed picture of how we see the position and future of the Company.

We are pleased with the Company's result this year, a net profit increase of 6% in a single dwelling housing market that declined by over 20%. One of the claims we have made consistently in our Annual Reports is that the Company's business strategy and model are designed to withstand the inevitable fluctuations in the housing industry and this year demonstrates again Tamawood's sustainability.

We are especially pleased that we have been able to return to you, our valued shareholders, a consistently high dividend, this year of 13 cents per share fully franked. Tamawood of course remains debt free, and had $5.3 million in cash reserves at the end of the financial year.

Financial Year	**2005 $000**	**2004 $000**	**2003 $000**	**2002 $000**	**2001 $000**
Revenue	67,833	86,533	81,540	65,007	30,620
Net profit before tax	6,216	5,954	5,165	4,772	1,679
Net profit after tax	4,245	4,000	3,572	3,381	1,149
Market share (Qld)	8.6%	9.6%	9.5%	8.0%	7.0%

Now to the future.

It is now five years since we listed on the ASX, and in that period the Company's net profit after tax has grown from $1.1 million to $4.2 million – close to four times. The company's revenue however has increased less than three times. We are clearly in pursuit of diversified revenue streams from which we can extract above average returns without significant capital investment.

There are several important strategies the Company is pursuing which are designed to continually improve the quality of our revenue and concurrently drive down costs, whilst simultaneously improving product quality and customer value.

CONTINUOUSLY IMPROVING SYSTEMS
Tamawood is a systems company. We continuously look at the way things are done by others in our industry and ask ourselves "How can we use technology to build systems to do it <u>better</u> so as to increase customer satisfaction, and at a <u>lower cost</u> so as to increase shareholder returns?". Nearly 20% of our wage bill this year will be invested in IT salaries primarily to enhance and build systems, taking advantage of the Internet for sales, purchasing, design, project management, maintenance and the like.

Our analysis of competitors shows that this continual drive to improve efficiency through systemisation has enabled us to become the lowest cost provider of quality housing to consumers in our served markets. Further, this cost efficiency has resulted in land developers and investors approaching Tamawood to become their construction partner.

EXPANDING LICENSING AND FRANCHISING

Tamawood earns more than 50% of its net profit from the sale of its systems and services to its licensed and affiliated builder network. We know there are many other builders throughout Australia who will make big savings by adopting our technology and benefiting from our buying power. Hence, we are actively working to further expand this high quality recurring revenue stream.

FINDING NEW MARKETS FOR OUR TECHNOLOGY

Tamawood subsidiary, Absolute Kit Homes Pty Ltd, has developed a kit home range of over 30 designs for the growing owner-builder market, again harnessing our systems technology. In doing so, we are partnering with our steel framing supplier, learning from their long-established expertise in this market segment. We have also signed an agreement with a leading shed supplier which has 10 outlets in eastern Australia; we will sell their kit sheds and they will sell our kit homes.

SOURCING PRODUCTS FROM AROUND THE WORLD

Tamawood subsidiary, TI Distributions Pty Ltd, is sourcing products from around the world in order to lower costs and improve quality, where traditional suppliers are no longer competitive. TI is also selling these products to other builders and distributors both inside and outside the Tamawood network. This business is expanding and already profitable.

NEW PRODUCT DEVELOPMENT

Tamawood subsidiary, Solarpower Pty Ltd, has developed the most efficient two panel solar hot water system on the market, and has applied for several patents to protect this intellectual property. We have signed a long term agreement with Energex for future Renewable Energy Certificates, and we are bedding down distribution and installation systems for a national rollout to this rapidly growing market segment. Monthly sales to our own network alone are nearing breakeven.

FINANCE FOR OUR CUSTOMERS

Tamawood Finance Pty Ltd has purchased six franchises, at a cost that is not material to the overall group operations, from leading home mortgage originator, Refund Home Loans. These franchises will be located in all six Tamawood offices, thus providing customers with a finance and housing solution in the one location. We expect this business to be profitable virtually from year one, and to grow as our own business and franchisee network grows.

In summary…

Over the past five years we have kept our shoulders to the wheel, produced good results for our shareholders and established a proven track record. My purpose today has been to brief you on some of the initiatives we have in the pipeline which are designed to sustain and grow the profitability and value of the Company.

Tamawood Limited has traded approximately 5% better in the first 3 months of this financial year compared to the same 3 months in the prior year. We anticipate that this may flow through to the first half result and we will inform the market as soon as this position is clearer. Our management team, partners and suppliers are stable and experienced, and together with them the Board looks to the future enthusiastically.

John Lyons
Chairman
Tamawood Limited