

28 January 2011

WEATHER IMPACT AND EARNINGS GUIDANCE

WEATHER IMPACT

Recent heavy rainfall and widespread inundation across South East Queensland has had only a minimal impact on construction activity. However, the Rocklea head office was severely flooded and head office functionality curtailed for a week. The office is now functional with office, IT and communication facilities restored.

The financial impact of the flood is likely to be negligible although some shortages of qualified tradespeople may arise in coming months.

READY TO OCCUPY HOUSING PROGRAM

Our ready-to-occupy housing program now represents approximately 39% of Tamawood's balance sheet and should comprise a significant proportion of earnings from the 2nd half of this financial year. Accordingly, the success of this initiative is now a key determining factor in our earnings outlook.

Tamawood currently owns 135 residential lots on which 95 houses are at various stages of construction. We anticipate that approximately 20 houses will be completed and settled by 30 June 2011. 134 lots were not inundated by the recent floods across South East Queensland. The revised estimate of homes to be completed and settled by 30 June 2011 is considerably less than the number of houses originally expected to be completed and settled at the time of release of our most recent earnings guidance.

The construction process proceeded slower than anticipated due to delays in water and drainage approvals in relation to the 57 lots in Yamanto. This matter has now been resolved and construction at Yamanto has commenced. This delay will impact the first half results.

EARNINGS GUIDANCE AND INTERIM DIVIDEND

Subject to finalisation of the interim audit review, the Board considers it appropriate to maintain an 8 cents fully franked interim dividend. This decision will be confirmed at the time of release of the half-year results.

At this stage, the Board considers that the current earnings guidance of \$10M net profit after tax is achievable, on the basis that our 'Ready-to Occupy' housing program achieves its planned construction schedule and sales expectations.

ENDS

Kerry Daly
Chairman
0418 791 888