Preliminary Final Report
Appendix 4E

Results for announcement to the market

Reporting Period: **Year Ended 30 June 2005**
Previous Reporting Period: Year Ended 30 June 2004

				$A'000
Revenues from ordinary activities	up	56%	to	$70,518
Profit (loss) from ordinary activities after tax attributable to members	up	57%	to	$ 13,131
Net profit (loss) for the period attributable to members	up	57%	to	$ 13,131

Ordinary Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	3¢	3¢
Final dividend	3¢	3¢
Total	6¢	6¢
Record date for determining entitlements to the ordinary dividend	6th September 2005	
Preference Dividends (distributions)	Amount per security	Franked amount per security
PINES Coupon 31 March 2005	$2.53	$2.53

REVIEW OF OPERATIONS

The Company recorded a full year Net Profit, after tax, of $13.1m from total revenue of $70.5m compared to the previous year of $8.4m from revenues of $45.3m.

Managed investment activities
The Company circulated two complying offer documents in FY2005. Both were well supported by the company's Dealer Network. As a result Woodlot sales revenue reached $42.1 million (up 18 % on 2004). Of this revenue $7.1 million has been recognised as income at 30 June 2005 and the balance of $35.0 million has been carried forward to the 2006 financial year. (FY 2004: Woodlot sales $35.7m, of this $5.4m recognised as income as at 30 June 2004, balance $30.3m carried forward to FY 2005)

The company's retail Woodlot Product Disclosure Statement under the Willmott Forests Project was highly rated by two independent research houses (Adviser Edge and Australian Agribusiness Group), assisting to deliver increased sales. The Willmott Forests Professional Investor Project was also well received and supported, providing a sound and attractive alternative for larger investment amounts.

Forestry operations
Plantation establishment and maintenance activities have been completed in accordance with contractual obligations set out in the Forestry Management Agreements entered into with Growers and, are in accordance with Australian Taxation Office Product Rulings issued to the company.

All land has been selected in accordance with the land selection criteria. This is to ensure that the plantations have the best possible growing environment in order to produce the best quality timber.

Drought continued to adversely affect much of rural Australia, however 2004/2005 annual rainfalls in Bombala and Tumbarumba were 82% and 97% respectively of long term historical rainfall averages in those regions. Although good rainfall was not always received at the optimum time and conditions have not been ideal the company's strict land selection criteria has held the company in good stead.

The company has maintained its status as a registered Forestry Industry Brigade of the Country Fire Authority (CFA) within Victoria and has substantially increased its in-house fire fighting capacity in the last 12 months across all geographic areas of operation.

Timber processing activities
The company operated two timber processing facilities in Bombala that produced structural, landscape and fencing timber for the Australian market.

These mills receive wood supply from State Forests of New South Wales under long-term supply contacts and wood in-take was also received from plantations managed by the company.

Production of structural timber improved in response to equipment upgrades, sound management and a stable work force. The company's timber products were sold predominantly into New South Wales, the A.C.T. and Victoria.

Weakness in the housing sector, particularly in New South Wales, led to slower sales than expected and a softening of margins.

Revenue from these operations was $20.57 million producing an EBITDA of $862,076.

Forward outlook
The company will continue to pursue its policy of increasing profitability whilst not moving away from its core business.

STATEMENT OF FINANCIAL PERFORMANCE - FOR THE YEAR ENDED 30 JUNE 2005

(The accompanying notes form part of these financial statements)

	Note	30 June 2005	30 June 2004
		$	$
Revenue from ordinary activities	1	**70,518,082**	45,282,277
Changes in inventories of finished goods and WIP		**(1,628,118)**	(2,779,576)
Raw materials and consumables		**(11,928,886)**	(8,006,645)
Employee costs		**(12,548,622)**	(9,007,851)
Depreciation and amortisation		**(1,687,872)**	(1,454,888)
Borrowing cost expense		**(3,460,512)**	(1,885,618)
Other expenses from ordinary activities		**(20,714,650)**	(10,039,331)
Profit from ordinary activities before income tax expense	2	**18,549,422**	12,108,368
Income tax attributable to ordinary activities		**(5,418,111)**	(3,721,095)
Net Profit from ordinary activities after income tax expense		**13,131,311**	8,387,273
Net Loss attributable to outside equity interests		**80**	39
Net Profit attributable to members of the parent entity		**13,131,391**	8,387,312
Total changes in equity other than those resulting from transactions with owners as owners		**13,131,391**	8,387,312

Willmott Forests

STATEMENT OF FINANCIAL POSITION - FOR THE YEAR ENDED 30 JUNE 2005
(The accompanying notes form part of these financial statements)

	30 June 2005	30 June 2004
	$	$
Current Assets		
Cash	**36,879,227**	8,487,509
Receivables	**17,532,862**	12,903,463
Inventories	**5,115,349**	3,604,407
Other	**15,209,389**	14,208,345
Total Current Assets	**74,736,827**	39,203,724
Non-Current Assets		
Receivables	**116,431,111**	91,156,510
Investments	**9,259,472**	8,171,392
Property, plant and equipment	**49,482,205**	30,070,269
Self-generating and regenerating assets	**6,082,144**	5,151,868
Intangibles	**1,546,690**	1,632,316
Other	**267,545**	256,807
Total Non-Current Assets	**183,069,167**	136,439,162
TOTAL ASSETS	**257,805,994**	175,642,886
Current Liabilities		
Accounts payable	**12,726,615**	11,896,175
Interest Bearing Liabilities	**1,333,834**	1,083,673
Provisions	**45,924,406**	47,680,345
Total Current Liabilities	**59,984,855**	60,660,193
Non-Current Liabilities		
Interest Bearing Liabilities	**61,273,645**	26,633,602
Provisions	**22,973,405**	24,182,510
Total Non-Current Liabilities	**84,247,050**	50,816,112
TOTAL LIABILITIES	**144,231,905**	111,476,305
NET ASSETS	**113,574,089**	64,166,581
EQUITY		
Contributed equity	**79,031,236**	38,735,282
Retained profits	**34,538,006**	25,426,411
Outside Equity Interest	**4,847**	4,888
TOTAL EQUITY	**113,574,089**	64,166,581

STATEMENT OF CASH FLOWS - FOR THE YEAR ENDED 30 JUNE 2005

(The accompanying notes form part of these financial statements)

	30 June 2005	30 June 2004
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**62,876,826**	50,052,129
Interest received	**9,063,952**	7,649,555
Payments to suppliers & employees	**(46,414,606)**	(27,548,711)
Borrowing costs paid	**(3,692,082)**	(1,932,109)
Income taxes paid	**(13,902,929)**	(3,214,319)
Net cash provided by (used in) operating activities	**7,931,161**	25,006,545
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant & equipment	**(20,592,223)**	(15,961,177)
Proceeds from (payments for) investments	**(30,709,957)**	(28,221,003)
Net cash provided by (used in) investing activities	**(51,302,180)**	(44,182,180)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**40,295,954**	11,056,644
Proceeds from (repayment of) borrowings	**34,956,803**	12,875,747
Dividends paid	**(3,490,020)**	(2,298,772)
Net cash provided by (used in) financing activities	**71,762,737**	21,633,619
Net increase (decrease) in cash held	**28,391,718**	2,457,984
Cash at beginning of year	**8,487,509**	6,029,525
Cash at end of year	**36,879,227**	8,487,509

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1 : REVENUE FROM ORDINARY ACTIVITIES

	30 June 2005 $	30 June 2004 $
Included in operating profit are the following items of operating revenue:		
Plantation Income	**39,302,133**	21,909,645
Timber & Products Sales	**20,377,641**	14,329,181
Interest	**9,502,652**	7,262,694
Increment in Net Market Value – Forest Plantations	**685,913**	783,814
Dividends	**-**	189,326
Other Income	**649,743**	807,617
	70,518,082	45,282,277

NOTE 2 : PROFIT FROM ORDINARY ACTIVITIES

	30 June 2005 $	30 June 2004 $
Profit from ordinary activities before income tax has been determined after:		
Crediting as Income:		
Interest received		
Bank	**1,035,517**	527,926
Growers and Other	**8,467,135**	6,734,769
Net gain on disposal of non-current assets:		
Property, plant and equipment	**82,136**	-
Charging as Expense:		
Cost of Goods sold	**13,035,812**	8,006,645
Depreciation:		
Plant & equipment	**1,221,584**	1,228,084
Fixtures & fittings	**133,457**	22,133
Roads	**225**	-
Total Depreciation	**1,355,266**	1,250,217
Write-off non-current assets	**-**	20,423
Net loss on disposal of non-current assets	**18,985**	12,094
Amortisation:		
Plant & equipment under lease	**246,979**	104,016
Goodwill	**85,627**	80,232
Total Amortisation	**332,606**	184,248

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 30 JUNE 2005

NOTE 2 : PROFIT FROM ORDINARY ACTIVITIES - continued

Profit from ordinary activities before income tax has been determined after:		
Borrowing costs:		
Unrelated entities	**3,460,512**	1,885,618
Bad Debts - Trade	**61,929**	64,134
Bad Debts - Loan Book	**-**	27,187
Foreign Currency Translation	**15,291**	15,237
Rental on Properties	**438,016**	148,570
Remuneration of the auditors:		
Auditing or reviewing the financial report	**88,000**	81,850
Other Audit Services	**17,300**	8,650
Other Services	**68,977**	16,188

DIVIDENDS

Class	Type	Record Date	Payment Date	Amount Per Security	Total Dividend	Franked Amount Per Security
Ordinary	Final	6 September 2004	17 September 2004	$0.02	$ 991,268	$0.02
Preference		16 March 2005	31 March 2005	$2.53	$1,012,000	$2.53
Ordinary	Interim	4 March 2005	23 March 2005	$0.03	$1,494,039	$0.03
Ordinary	Final	6 September 2005	20 September 2005	$0.03	$1,513,757	$0.03

ORDINARY DIVIDEND or DISTRIBUTION REINVESTMENT PLAN

Type	Payment Date	Total Dividend	Paid In Cash	Satisfied By Issue Of Ordinary Shares
Final	17 September 2004	$ 991,268	$ 898,181	$ 93,087
Interim	23 March 2005	$1,494,039	$1,358,940	$135,099
Final	20 September 2005	$1,513,757	Not yet paid	Not yet paid

The Company operates a Dividend Reinvestment Plan to provide shareholders with a choice of reinvesting their dividends in new securities at 5% discount to the prevailing market price.

RETAINED EARNINGS

	30 June 2005 $	30 June 2004 $
Retained Profits at the start of the financial year	**25,426,411**	19,005,653
Net profit attributable to members of the economic entity	**13,131,391**	8,387,312
Dividends on ordinary shares paid or provided - fully franked	**(3,007,796)**	(1,966,554)
Preference share dividends	**(1,012,000)**	-
Retained Profits at the end of the financial year	**34,538,006**	25,426,411

NET TANGIBLE ASSETS PER ORDINARY SECURITY

	30 June 2005 $	30 June 2004 $
Total net tangible assets	**72,027,399**	62,534,265
Net tangible assets per ordinary share	**$1.43**	$1.27

ENTITIES OVER WHICH CONTROL GAINED OR LOST DURING THE YEAR

N/A

DETAILS OF ASSOCIATES OR JOINT VENTURE ENTITIES

N/A

EARNINGS PER SHARE	**30 June 2005**	**30 June 2004**
	$	**$**
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	**49,509,716**	42,193,547
Weighted average number of options outstanding	**-**	1,552,946
Weighted average number of ordinary shares outstanding used in calculation of diluted EPS	**49,509,716**	43,746,493
Basic Earnings per share	**24.48**	19.9c
Diluted Earnings per share	**24.48**	19.2c

CONTRIBUTED EQUITY	**30 June 2005**	**30 June 2005**
	#	**#**
Ordinary shares:		
Number of ordinary shares at the beginning of the reporting period	**49,199,073**	40,436,226
Issue of shares:		
Prior Year		8,184,330
Shares issued under the Employee Share Scheme and Dealer Option Plan	**1,173,258**	433,898
Shares issued under the Dividend Reinvestment Plan	**86,231**	144,619
Number of ordinary shares on issue at reporting date	**50,458,562**	49,199,073
Convertible Preference shares:		
Number of preference shares on issue at the beginning of the reporting period		
Issue of shares:		
400,000 fully paid convertible preference shares	**400,000**	-
Number of preference share on issue at reporting date	**400,000**	-

SEGMENT INFORMATION

The economic entity operates in the Managed Investment Scheme (MIS) and Timber Processing industries, in the Bombala, Murray Valley and Braidwood regions of South East New South Wales and North East Victoria.

	Managed Investments		Timber Processing		Consolidated	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**	**$**	**$**
REVENUE						
External income	**49,947,906**	30,871,441	**20,570,176**	14,410,836	**70,518,082**	45,282,277
RESULT						
Segment Earnings before interest, tax, depreciation and amortisation	**22,835,730**	14,689,682	**862,076**	759,192	**23,697,806**	15,448,874
Interest Expense	**2,864,440**	1,358,109	**596,072**	527,509	**3,460,512**	1,885,618
Depreciation	**438,518**	254,349	**1,163,727**	1,120,307	**1,602,245**	1,374,656
Amortisation	**-**	-	**85,627**	80,232	**85,627**	80,232
Profit from ordinary activities before income tax	**19,532,772**	13,077,224	**(983,350)**	(968,856)	**18,549,422**	12,108,368
Income tax expense					**5,418,111**	3,721,095
Profit (loss) from ordinary activities after income tax					**13,131,311**	8,387,273
Acquisition of land, property plant & equipment and intangible assets	**20,881,740**	9,510,950	**797,241**	7,480,440	**21,678,981**	16,991,390

	Managed Investments		Timber Processing		Consolidated	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
Segment assets	**241,084,697**	159,266,863	**16,721,297**	16,376,023	**257,805,994**	175,642,886
Segment liabilities	**135,417,653**	101,026,116	**8,814,252**	10,450,189	**144,231,905**	111,476,305

SUBSEQUENT EVENTS

Since the end of the financial year the company has drawn down on its current Commonwealth Bank of Australia facilities an amount of $11,640,000 taking total facilities utilised to $67,940,000.

Woodlot sales up to 30 June 2005 equate to $42,143,500 (2004: $35,742,000). Of this, $7,187,103 (2004: $5,423,628) has been recognised as income at 30 June 2005 and the balance of $34,956,397 (2004: $30,318,372) has been carried forward to the 2006 Financial Year.

An unconditional contract for the purchase of land was entered into for consideration of $5,019,295.

Adoption of Australian Equivalents to International Financial Reporting Standards

The company is preparing and managing the transition to Australian Equivalent to International Financial reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the economic entity's and the parent entity's financial statements for the year ended 30 June 2006. On first time adoption of AIFRS comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made against assets and liabilities with only limited impact on profit for the year ended 30 June 2005 and no impact on retained earnings at 1 July 2004.

The economic entity's management, with the assistance of external consultants, has assessed the significance of the expected changes and is preparing for their implementation. The audit committee is overseeing and managing the economic entity's transition to AIFRS. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors are of the opinion that the key material differences in the economic entity's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or interpretation of the AIFRS requirements changes from the continuing work of the economic entity's AIFRS committee.

Financial Instruments

Willmott Forests Limited currently recognises its Perpetual INcome Exchange Securities (PINES) as equity in the financial statements under AASB 1033. From 1 July 2005, AASB 139: Financial Instruments: Recognition and Measurement requires preference shares to be disclosed in the financial statements as liabilities.

This requires the reclassification of the $40,000,000 of PINES from contributed equity to non-current liabilities. In addition, the preference dividend of $1,012,000 will be reclassified from a withdrawal from retained earnings to interest expense in the Statement of Financial Performance.

In addition, issue costs of $1.8 million associated with PINES will be capitalised as an intangible asset and amortised across 5 years. The impact of these changes on reported earnings is a reduction for the current year of $1,222,191.

Securitisation

Under changes from the introduction of AASB :139 Financial Instruments, loans securitised and currently held off balance sheet will be reintroduced to the Statement of Financial Position. These loans totaling $7,096,224 will be reintroduced as a financial asset under term loans receivable, with an equivalent liability in borrowings. No impact on profit or equity is expected.

SUBSEQUENT EVENTS - continued

Adoption of Australian Equivalents to International Financial Reporting Standards - continued

Goodwill on Consolidation

Under AASB :3 Business Combinations, goodwill is capitalised in the statement of financial position and subject to an annual impairment test. Amortisation of goodwill is permitted where it is deemed to have a finite life. Current accounting policy of the entity is to amortise goodwill on a straight line basis over a period of 20 years. An impairment test of the goodwill has been carried out and the current amortisation policy deemed acceptable and in line with current standards.

Impact of Adoption of Australian Equivalents to International Financial Reporting Standards

On transition to AIFRS the estimated cumulative financial effect of the reliably known differences on the parent and economic entity's reported net profit and equity as at 30 June 2005 is summarised below. As noted above, these amounts represent management's best estimates, and may differ from actuals.

	Economic Entity 2005	**Parent Entity 2005**
Reconciliation of Net Profit		
Net Profit reported under Australian Accounting Standards	13,131,391	9,533,136
Key Transitional adjustments		
- Recognition of PINES dividend as interest	(1,012,000)	(1,012,000)
- Amortisation of PINES issue costs	(210,901)	(210,901)
Total transitional adjustments	(1,222,901)	(1,222,901)
Net Profit under AIFRS	11,908,490	8,310,235
Reconciliation of Equity		
Total Equity reported under Australian Reporting Standards	113,574,089	104,426,180
Retrospective adjustments to Equity		
- Reclassification of PINES to financial liabilities	(40,000,000)	(40,000,000)
- Reclassification of PINES Issue costs	1,807,724	1,807,724
- Reclassification of PINES dividend	1,012,000	1,012,000
	(37,180,976)	(37,180,976)
	76,393,113	67,245,204
Decrease in current year profit resulting from transition to AIFRS	(1,222,901)	(1,222,901)
Total Equity under AIFRS	75,170,212	66,022,303

AUDIT

This report is based upon accounts which have been audited.

Jonathan David Madgwick
Company Secretary

25 August 2005