



News Release

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STOCK EXCHANGE LISTING: NEW ZEALAND (TEN)

TENON INCREASES OWNERSHIP IN SOUTHWEST MOULDINGS

Auckland, 23 August 2007 – Tenon today announced that it had increased its percentage ownership of Southwest Moulding Co. (“Southwest”), further strengthening its manufacturing and distribution activities in the United States market.

Tenon has increased its ownership in Southwest from 51% to 75.5%. The purchase price for the 24.5% interest is approximately USD7.8 million.

The initial 51% purchase was made in 2005, with the purpose of diversifying Tenon’s product offering and achieving a more balanced customer mix in North America. The Dallas based business services the large Texas Pro Dealer market.

Tenon’s Chief Executive Officer, Mark Eglinton, said that Tenon was pleased to be increasing its ownership stake in the business . “Southwest is a strong natural fit with our existing activities. It is extremely well run by a very experienced management team, and the business is performing to plan in what is a very tough regional market environment.”

The existing management team at Southwest will remain in place.

The minority shareholders retain an option to put the remaining balance of 24.5% to Tenon during the period August-October in 2008 or 2009. Tenon may purchase the minority interest at any time.

Funding for the acquisition, and any purchase of the remaining 24.5% interest in 2008 or 2009, has been provided for under Tenon’s new financing facility. Last week, Tenon announced that it had completed a refinancing of its Group debt facilities, consolidating them into one Group-wide facility. This new US\$100 million 5-year facility was led by JPMorgan Chase in a syndicate which includes all the Banks which previously had a relationship with Tenon. Mr Eglinton said “With this refinancing now in place, we have a facility that affords Tenon the financial flexibility to make strategic moves – such as the Southwest announcement today – that we believe will enhance value in the future for the Company”

Southwest was incorporated in 1952. It is engaged in the manufacture of stairs parts and exterior doorframes, and the sale and distribution of mouldings and other related millwork products for the North American market, and is a leading distributor of mouldings and stairparts in the Texas marketplace.

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