



News Release

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STOCK EXCHANGE LISTING: NEW ZEALAND (TEN)

RECEIVERS FILE PROCEEDINGS AGAINST IRD TO DETERMINE OWNERSHIP OF GST PAYMENT IN RELATION TO SALE OF CNIFP FOREST ESTATE

AUCKLAND, 28 March 2008 – Legal proceedings have been commenced in the High Court by the Receivers of the Central North Island Forest Partnership (CNIFP) against the Commissioner for Inland Revenue (IRD) in order to determine whether it is the IRD or the secured lenders to the CNIFP (which include Tenon) that have first priority to GST paid to the Receivers by the purchaser of the CNIFP forest estate in 2003. The GST receipt was paid to the IRD by the Receivers at the time of the CNIFP forest estate sale, but both the Receivers and Tenon advised the IRD at that time that they considered the secured creditors had priority to this amount ahead of the IRD.

Tenon and the bank which appointed the Receivers, the Bank of New Zealand, were not parties to the legal proceedings. However as they are interested parties the IRD filed an application to have them joined to the proceedings. Tenon did not oppose this application and has now been joined in the proceedings.

In the event the Court holds that the secured creditors were entitled to the GST receipt ahead of the IRD, then, as a second ranking security holder, Tenon would be entitled to receive in the order of NZ\$90 million from the GST receipt.

However, the issues are very complex, and the proceedings are expected to be strongly resisted by the IRD. As a result, the outcome for Tenon, including the amount and timing of any recovery, is uncertain.

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