

**SUMMARY OF
PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT
FOR DUAL NZX/ASX LISTED ISSUERS**

**Tenon Limited
Full Year Ended 30 June 2004**

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on audited accounts.

	Consolidated Operating Statement		
	Current Full Year NZ\$million	Up/(Down) %	Previous Corresponding Full Year NZ\$million
Total operating revenue	556	41.5%	393
Operating Surplus before unusual items and tax	48	4.3%	46
Unusual items for separate disclosure ⁽¹⁾	(2)		-
Operating Surplus/(Deficit) before tax	46	0.0%	46
Tax on operating surplus	(11)	(15.4%)	(13)
Operating Surplus/(Deficit) after tax but before minority interests	35	6.1%	33
Minority interests	(3)		-
Operating Surplus/(Deficit) after tax attributable to members of Listed Issuer - Continuing Operations	32	(3.0%)	33
Extraordinary items after tax attributable to Members of the Listed Issuer			
Net Earnings from Discontinuing Operations	(74)	75.7%	(304)
Operating Surplus/(Deficit) and extraordinary items after tax attributable to Members of the Listed Issuer	(42)	84.5%	(271)
Earnings per share - Continuing Operations (NZ cents)	11.5		11.8
Dividend	Nil		Nil
Date Payable	N/A		
Imputation tax credit on latest dividend	N/A		

Short details of any bonus or rights issue or other item(s) of importance not previously released to the market: N/A

(1) Unusual items for June 2004 relate to costs associated with the partial takeover offer by Rubicon Forests Limited.

Appendix 4E (rule 4.3(a))
PRELIMINARY FINAL REPORT
Tenon Limited

Full Year Ended 30 June 2004
(referred to in this Report as the 'Current Full Year')

ABN Reference # 34-857-192-425

Preliminary Full Year report on consolidated results (including the results for the previous corresponding Full Year in accordance with Listing Rule 4.3(a)). This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on audited accounts.

The Listed Issuer has a formally constituted Audit Committee of the Board of Directors.

Results For Announcement to the Market

				NZ\$million
2.1	Revenues from Ordinary Activities	up	41.5%	to 556
2.2	Profit (Loss) from Ordinary Activities after tax			
	Attributable to Members - Continuing Operations	down	(3.0%)	to 32
2.3	Net Profit (Loss) for the period			
	Attributable to Members	up	84.5%	to (42)
Dividends (distributions)		Amount per security		Franked amount per security
2.4	Dividend	NIL		NIL
2.5	Record date for determining entitlements to the dividend	N/A		
2.6	Additional explanations Refer Press Release.			

3. Statement of Financial Performance

	Current Financial Year NZ\$million	Previous Corresponding Financial Year NZ\$million
Operating Revenue	556	393
Operating Expenses	(506)	(344)
Unusual Items ⁽¹⁾	(2)	-
Operating Earnings	48	49
Funding Costs	(2)	(3)
Earnings before Taxation	46	46
Taxation ⁽²⁾	(11)	(13)
Earnings after Taxation	35	33
Minority Interest	(3)	-
Net Earnings From Continuing Operations	32	33
Net Earnings from Discontinuing Operations ⁽³⁾	(74)	(304)
Net Earnings	(42)	(271)

(1) Unusual items of \$2 million relate to costs associated with the partial takeover offer by Rubicon Forests Limited.

(2) Income Taxation

	Current Financial Year NZ\$million	Previous Corresponding Financial Year NZ\$million
Earnings before Taxation:	46	46
Taxation at 33 cents per dollar	15	15
Adjusted for:		
Permanent Differences	(6)	1
Taxation Under/(Over) Provided in the Prior Year	1	(3)
Rates other than 33 cents	1	-
Taxation Expense	11	13

(3) Discontinuing Operations

During the year Tenon sold its forest assets for \$725 million. The segment previously disclosed as the Forests and Supply segment has been classified as discontinued operations within the June 2004 financial statements.

4. Statement of Financial Position

	At end of Current Financial Year NZ\$million	At end of Last Financial Year NZ\$million
Current Assets:		
Cash and Liquid Deposits	141	-
Stocks	83	46
Debtors	82	30
Current Assets - Discontinued Operations	133	91
Total Current Assets	439	167
Term Assets:		
Fixed Assets	116	114
Investments	34	33
Goodwill	12	2
Deferred Taxation Asset	22	15
Term Assets - Discontinued Operations	-	790
Total Group Assets	623	1,121
LIABILITIES AND GROUP EQUITY		
Liabilities		
Current Liabilities:		
Creditors	73	51
Provision for Current Taxation	1	-
Current Liabilities - Discontinued Operations	17	42
Total Current Liabilities	91	93
Term Liabilities:		
Term Debt	34	29
Term Liabilities - Discontinued Operations	-	114
Total Group Liabilities	125	236
Group Equity		
Capital	1,094	1,443
Reserves	(624)	(579)
Group Equity	470	864
Minority Equity	28	21
Total Group Equity	498	885
Total Group Liabilities and Equity	623	1,121

Movement in Shares Issued:

	At end of Current Financial Year	At end of Last Financial Year
Tenon Ordinary Shares		
Number of Shares at the beginning of the year	185,913,422	922,207,133
Cancellation of shares upon Capital Return ⁽¹⁾	(92,963,192)	
Share Consolidation ⁽²⁾		(736,293,711)
	92,950,230	185,913,422
Tenon Preference Shares		
Number of Shares at the beginning of the year	371,809,026	1,859,015,794
Cancellation of shares upon Capital Return ⁽¹⁾	(185,907,195)	
Share Consolidation ⁽²⁾		(1,487,206,768)
	185,901,831	371,809,026

(1) On 31 March 2004 Tenon distributed a \$349 million return of capital to shareholders under a share cancellation and return of capital programme authorised by shareholders and approved by the High Court, one of every two Ordinary Shares, and one out of every two Preference Shares in Tenon Limited were cancelled, and NZ\$1.25 per cancelled Share paid to Tenon shareholders.

(2) During 2003 the Ordinary Shares and Preference Shares were consolidated on a one for five basis.

Following the share consolidation, the Preference Shares retained their preference rights.

5. Statement of Cash Flows

Cash was Provided:	Current Financial Year NZ\$million	Previous Corresponding Financial Year NZ\$million
From Operating Activities		
Receipts from Customers	546	386
Dividends Received	7	9
Interest Received	4	-
Total Provided	557	395
Payments to Suppliers, Employees and Other	525	358
Interest Paid	2	3
Income Tax Paid	10	5
Total Applied	537	366
Net Cash from Operating Activities	20	29
From Investing Activities		
Sale of Fixed Assets	-	1
Total Provided	-	1
Purchase of Fixed Assets	12	6
Purchase of Investments	1	12
Purchase of Subsidiary	17	-
Total Applied	30	18
Net Cash to Investing Activities	(30)	(17)
From Financing Activities		
Debt Drawdowns	94	38
Total Provided	94	38
Debt Settlements	188	3
Capital Return Paid to Shareholders	349	-
Total Applied	537	3
Net Cash (to)/from Financing Activities	(443)	35
Net Cash from/(to) Discontinued Operations	549	(20)
Net Movement in Cash Held	96	27
Add Opening Cash and Liquid Deposits		
- Discontinued Operations	47	22
Effect of Exchange Rate Changes on Net Cash		
- Continuing Operations	(1)	-
- Discontinued Operations	(1)	(2)
Closing Cash and Liquid Deposits	141	47

6 Dividends

NIL

7. Dividend Reinvestment Plan

NIL

8. Statement of Movements in Equity

	Current Financial Year NZ\$million	Previous Corresponding Financial Year NZ\$million
Net Earnings for the year, comprising:		
Net Earnings from Continued Operations		
Parent Shareholders' Interest	32	33
Minority Interest	3	-
Net Earnings from Discontinued Operations		
Parent Shareholders' Interest	(74)	(304)
Minority Interest	(1)	(8)
	(40)	(279)
Other Recognised Revenues and Expenses for the year		
Movement in Currency Translation Reserve - Parent Shareholder Interest	(3)	(9)
Total Recognised Revenues and Expenses for the year	(43)	(288)
Acquisition of The Empire Company Minority Interest	6	-
Capital Return - Parent Shareholders' Interest	(349)	-
Dividends - Minority Interest	(1)	(2)
Movements in Equity for the year	(387)	(290)
Total Group Equity at the beginning of the year, comprising		
Parent Shareholders' Interest	864	1,144
Minority Interest	21	31
	885	1,175
Total Group Equity at the end of the year, comprising		
Parent Shareholders' Interest	470	864
Minority Interest	28	21
	498	885

9. Net Tangible Asset Backing

	Current Financial Year NZ\$	Previous Corresponding Financial Year NZ\$
Net Tangible Asset Backing per Share	1.56	1.52

10. Control gained over Entities having material effect

On 1 November 2003 Tenon increased its holdings in The Empire Company from 33% to 67%.

(i) Name of subsidiary	The Empire Company
(ii) Contribution to Earnings after Taxation ⁽¹⁾	\$9 million
(iii) Date to which such contribution has been calculated	1 November 2003
(1) Excludes equity earnings of \$1 million up to 31 October 2003	

Loss of control of Entities having material effect

NIL

11. Material Interests in Entities which are not Controlled Entities

	Percentage of ownership interest held at end of year		Contribution to Net Profit	
	Current Financial Year	Previous Corresponding Financial Year	Current Financial Year NZ\$million	Previous Corresponding Financial Year NZ\$million
Equity Accounted Associates				
American Wood Moulding LLC	50.0%	50.0%	14	13
Zenia House A/S	20.0%	-	-	-
AWM Mexico	50.0%	50.0%	-	-
The Empire Company ⁽¹⁾	-	33.0%	1	1
Total⁽²⁾			15	14

(1) On 31 October 2003 Tenon increased its stake in The Empire Company from 33% to 67%. From this date the financial results of The Empire Company were no longer Equity accounted.

(2) Current year includes dividend of \$7 million (2003: \$9 million).

12. Other Significant information to assess entity's financial performance and financial position

Refer Press Release.

13. This report has been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) .

14. Commentary on results of the period

Refer Press Release.

14.1 Net Earnings Per Share (EPS)

	Current Financial Year NZ Cents	Previous Corresponding Financial Year NZ Cents
Basic and Diluted EPS - Continuing Operations ⁽¹⁾	11.5	11.8
Basic and Diluted EPS - Discontinued Operations ⁽¹⁾	(26.5)	(109.0)
	million	million
Weighted Average Number of ordinary shares outstanding during the period used in the calculation of the Basic and Diluted EPS ⁽¹⁾	279	279

(1) Comparative per share data has been restated for the one for two share cancellation following the capital distribution in March 2004.

14.2 Return to Shareholders including distributions and buy backs

On 31 March 2004 Tenon distributed a \$349 million return of capital to shareholders under a share cancellation and return of capital programme authorised by shareholders and approved by the High Court, one of every two Ordinary Shares, and one out of every two Preference Shares in Tenon Limited were cancelled, and NZ\$1.25 per cancelled Share paid to Tenon shareholders.

14.3 Significant features of operating performance

Refer Press Release.

14.4 Segmental Information

Refer attached.

14.5 Discussion of trends in performance

Refer Press Release.

14.6 Any other factors which have affected the results in the period, or which are likely to affect results in the future.

Refer Press Release.

Changes in accounting policies since last Annual Report

There have been no changes in accounting policy since 30 June 2003.

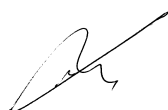
Significant Contingent Liabilities

There are no significant contingent liabilities as at June 2004.

15. This report is based on accounts which have been audited

16. N/A

17. N/A



P M Gillard

Director, Corporate & Legal Services.

20 August 2004

Segmental Information Summary

Tenon is a New Zealand-based processing, marketing and distribution Group, represented by two divisions - the Structural Consumer Solutions segment and the Appearance Consumer Solutions segment. Each segment has a distinct market and product focus:

- (i) The Structural Consumer Solutions segment supplies structural lumber, plywood and treated outdoor products to the residential and light commercial building sectors in New Zealand and Australia, and treated posts and poles to the rural, viticulture and infrastructure sectors in New Zealand. In addition, the Structural Consumer Solutions segment supplies manufacturing grade lumber to the industrial sector in New Zealand and Asia and appearance grade lumber to Asian furniture manufacturers. The Structural Consumer Solutions segment operates four processing sites: the Kawerau Sawmill and Remanufacturing Plant; the Rainbow Mountain Sawmill; the Mount Maunganui Plywood Mill; and Ramsey Roundwood. All of these sites are located in or around the central North Island of New Zealand.
- (ii) The Appearance Consumer Solutions segment takes clear wood from pruned logs through to high value moulding and millwork uses in the United States. Radiata pine is a competitive substitute in many applications for diminishing United States supplies of Ponderosa pine. The Appearance Consumer Solutions segment has strong supplier relationships for finished mouldings and boards with the two largest home improvement chains in the United States: The Home Depot, through American Wood Moulding, in which the Group holds a 50% interest; and Lowe's, through a 67% shareholding in The Empire Company. The Home Depot, Lowe's and other major United States retailers are demanding environmentally certified wood products from their suppliers and the Appearance Consumer Solutions segment's access to an environmentally certified (by the Forest Stewardship Council) resource, together with its integrated supply chain, confers a significant competitive advantage. The Appearance Consumer Solutions segment also supplies appearance grade lumber to a number of US moulding and millwork manufacturers. The Appearance Consumer Solutions segment operates two plants in New Zealand, the Taupo Sawmill and the Taupo Mouldings Plant, and has a sales office in the United States. As well as providing a channel to market for Tenon's New Zealand products, Empire and American Wood Moulding also source significant quantities of finished mouldings from other suppliers. These two distribution companies operate from over one million square feet of warehouse space at eight locations throughout the United States.

Support includes shared service overheads not specific to the Structural Consumer Solutions or Appearance Consumer Solutions segments. Prior to the sale of the forest assets, shared service overheads not specific to the Structural Consumer Solutions or Appearance Consumer Solutions segments were included in the Forests and Supply segment and included in discontinued operations.

Segmental Information Summary

June 2004	Structural Appearance		Support ⁽¹⁾	Other ⁽²⁾	Tenon
	NZ\$m	NZ\$m	NZ\$m	NZ\$m	NZ\$m
Sales Revenue	251	286			537
Other Revenue		17		2	19
Operating Revenue	251	303		2	556
Earnings before Interest, Taxation, Depreciation, Amortisation and Unusual Items					
Amortisation and Unusual Items	21	37	(5)	11	64
Depreciation and Amortisation	(7)	(6)	(1)		(14)
Operating Earnings before Unusual Items	14	31	(6)	11	50
Unusual Items			(2)		(2)
Operating Earnings	14	31	(8)	11	48
Total Assets	143	177	170	133	623
Investments in Associates included in Total Assets - Equity		25			25
- Loan		9			9
Capital Expenditure	6	6			12

	Europe	North America	Australia	New Zealand	Asia	Total
Total Operating Revenue by Destination		269	35	205	47	556
Total Operating Earnings		33		15		48
Total Assets	1	113		509		623

(1) Prior to the sale of the forest assets, shared service overheads not specific to the Structural Consumer Solutions or Appearance Consumer Solutions segments were included in the Forests and Supply segment and included in discontinued operations. Included within the operating expenses from continuing operations are overheads of \$6 million for June 2004 (being support costs post the forest assets sale). Support costs on an annualised basis are estimated at \$15 million.

(2) Relates to foreign exchange gains on net foreign denominated debt instruments (\$9 million) and interest income on cash (\$2 million) not attributed to a specific business segment and discontinued assets (\$133 million).

Segmental Information Summary

	Structural Appearance		Support ⁽¹⁾	Other ⁽²⁾	Tenon
	NZ\$m	NZ\$m	NZ\$m	NZ\$m	NZ\$m
June 2003					
Sales Revenue	234	153			387
Other Revenue		14			14
Inter-segmental Operating Revenue	(8)				(8)
Operating Revenue	226	167			393
Earnings before Interest, Taxation, Depreciation, and Unusual Items	20	23		19	62
Depreciation	(8)	(5)			(13)
Operating Earnings before Unusual Items	12	18		19	49
Unusual Items					
Operating Earnings	12	18		19	49
Total Assets	128	109		884	1,121
Investments in Associates included in Total Assets - Equity		22			22
- Loan		11			11
Capital Expenditure	3	3			6

	North	Australia	New	Asia	Total
	America		Zealand		
Total Operating Revenue by Destination	143	37	195	18	393
Total Operating Earnings	11		38		49
Total Assets	55		1,066		1,121

(1) Prior to the sale of the forest assets, shared service overheads not specific to the Structural Consumer Solutions or Appearance Consumer Solutions segments were included in the Forests and Supply segment and included in discontinued operations.

(2) Relates to foreign exchange gains on net foreign denominated debt instruments not attributed to a specific business segment and discontinued assets.