

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Tenon Limited (Consolidated)

Half year ended 31 December 2006

Preliminary report on consolidated results (including the results for the previous period) in accordance with Listing Rule 10.4.2 and 10.5.2.

The Group's financial statements have been prepared in accordance with New Zealand International Financial Reporting Standards.

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

The financial statements are presented in US\$ millions.

Reporting Period	6 months to 31 December 2006
Previous Reporting Period	6 months to 31 December 2005

	Amount US\$ millions	Percentage change
Revenue from ordinary activities	196	17.4%
Profit (loss) from ordinary activities after tax attributable to security holders	2	n/a
Net profit (loss) attributable to security holders	2	n/a

	Amount per security	Imputed amount per security
Interim/Final Dividend	No dividend is proposed for the year	Not applicable
Record Date	Not applicable	
Dividend Payment Date	Not applicable	

Comments:	
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RESULTS FOR ANNOUNCEMENT TO THE MARKET

Tenon Limited (Consolidated)

Half year ended 31 December 2006

1 CONSOLIDATED INCOME STATEMENT

	6 months Dec 2006 US\$ Millions	Year ended June 2006 US\$ Millions	6 months Dec 2005 US\$ Millions
Revenue	195	370	167
Cost of sales	(144)	(274)	(127)
Gross profit	52	96	40
Dividend Income	0	2	2
Earnings from Associates	0	0	(1)
Distribution expense	(36)	(67)	(30)
Administration expense	(7)	(11)	(5)
Earnings before Interest, Tax, Depreciation and Impairment (EBITDA)	9	20	6
Depreciation	(3)	(5)	(2)
Impairment charge	0	(1)	(1)
Operating profit before financing costs	6	14	3
Net Financing expense	(3)	(3)	(1)
Profit before taxation	3	11	2
Income tax expense	(1)	(3)	0
Net Profit after taxation	2	8	2
Attributable to:			
Equity holders of the parent	2	8	2
Net Profit	2	8	2

2 STATEMENT OF CHANGES IN EQUITY

	6 months Dec 2006 US\$ Millions	Year ended June 2006 US\$ Millions	6 months Dec 2005 US\$ Millions
Net profit attributable to:			
Net Profit	2	8	2
Net Profit	2	8	2
Other Recognised Revenues and Expenses for the period:			
Revaluation reserve on acquisition ⁽¹⁾	2	0	0
Movement in Currency Translation Reserve	2	(1)	0
Total recognised revenue and expenses	6	7	2
Movement in shareholder equity:			
Return of capital by way of share buyback	(1)	(6)	0
Total movement in shareholder equity	(1)	(6)	0
Total Group Equity at the beginning of the period comprising			
Parent Shareholders' Interest	122	121	121
Total Group Equity at the end of the period, comprising			
Parent Shareholders' Interest	127	122	123

(1) On 3 November, the Group announced that it had exited its 50% investment in American Wood Mouldings ("AWM") and acquired 100% of the Ornamental Mouldings Group of companies ("OMI"). As the group had previously held an indirect 25% shareholding in OMI, through its investment in AWM, the acquisition of OMI is treated as a two step acquisition for accounting purposes and accordingly, under NZ IFRS 3, Tenon's share of the retained earnings of OMI when it was an associate is recognised as a revaluation reserve on consolidation.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Tenon Limited (Consolidated)

Half year ended 31 December 2006

3 CONSOLIDATED STATEMENT OF CASH FLOW

	6 months Dec 2006 US\$ Millions	Year ended June 2006 US\$ Millions	6 months Dec 2005 US\$ Millions
Cash was provided:			
Receipts from Customers	199	367	177
Dividends Received	0	2	2
Total Provided	199	369	179
Payments to Suppliers, Employees and Other	192	376	181
Income Tax Paid	1	7	4
Total Applied	193	383	185
Net Cash from / (to) Continuing Operating Activities	6	(14)	(6)
Purchase of Fixed Assets	(2)	(5)	(3)
Purchase of Subsidiary	(20)	(17)	(17)
Cash acquired on purchase of Subsidiary	3	0	0
Purchase of Minority Interest	0	(29)	(29)
Net Cash to Investing Activities	(19)	(51)	(49)
Debt Drawdowns	48	42	22
Debt Settlements	(31)	0	0
Interest Paid	(2)	(1)	0
Share Buy Back	(1)	(6)	0
Net Cash from Financing Activities	14	35	22
Net Cash to Discontinued Operations	(1)	(2)	(1)
Net Movement in Cash Held	0	(32)	(34)
Opening Cash and Liquid Deposits	3	36	36
Effect of Exchange Rate Changes on Net Cash	0	(1)	0
Closing Cash and Liquid Deposits	3	3	2
Net Earnings	2	8	2
Add back Net Financing Expense	3	3	1
Adjustment for items not involving cash:			
Depreciation	3	5	2
Taxation	0	(4)	(4)
Equity Earnings	0	0	1
Cash Flow from Operations before Net Working Capital Movements	8	12	2
Net Working Capital Movements	(2)	(26)	(8)
Net Cash from / (to) Continuing Operating Activities	6	(14)	(6)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Tenon Limited (Consolidated)

Half year ended 31 December 2006

4 CONSOLIDATED BALANCE SHEET

	As at Dec 2006 US\$ Millions	As at June 2006 US\$ Millions	As at Dec 2005 US\$ Millions
Current assets			
Cash and Liquid Deposits	3	3	2
Inventory	81	68	64
Trade and Other Receivables	42	40	29
Current Assets - Discontinued Operations	1	1	1
Total Current Assets	127	112	96
Non Current Assets			
Fixed Assets	42	32	35
Investments	0	20	20
Goodwill	76	54	51
Deferred Taxation Asset	8	6	7
Total Non Current Assets	126	112	113
Total Group Assets	253	224	209
Current liabilities			
Trade and Other Payables	25	23	26
Current Debt	73	19	0
Provision for Current Taxation	1	1	1
Current Liabilities - Discontinued Operations	2	2	3
Total Current Liabilities	101	45	30
Non Current Liabilities:			
Non Current Debt	4	36	35
Provisions	1	1	1
Deferred Settlement	20	20	20
Total Non Current Liabilities:	25	57	56
Total Group Liabilities	126	102	86
Group Equity			
Capital	533	534	540
Reserves	(406)	(412)	(417)
Total Group Equity	127	122	123
Total Group Liabilities and Equity	253	224	209

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Tenon Limited (Consolidated)

Half year ended 31 December 2006

OTHER MATTERS

5 MATERIAL ACQUISITION OF SUBSIDIARY

(a) Name of subsidiary or group of subsidiaries	Ornamental Moulding Group
(b) Percentage of ownership acquired	100%
(c) Contribution to consolidated profit after tax	\$0.8 million
(d) Date from which such contribution has been calculated	3 November 2006

6 DETAILS OF ASSOCIATES AND JOINT VENTURES

(a) THE GROUP HAD A MATERIAL INTEREST (FROM THE GROUP'S VIEWPOINT) IN THE FOLLOWING CORPORATIONS:

Name	Percentage of ownership interest As at 31 December 2006		Contribution to Net Profit after Taxation	
	As at 31-Dec-06	As at 31-Dec-05	6 months 31-Dec-06 US\$ Millions	6 months 31-Dec-05 US\$ Millions
	<i>Equity Accounted</i>			
Equity Accounted Associates				
American Wood Mouldings LLC ⁽¹⁾	0.0%	50.0%	(1)	1
American Moulding S. de R.L de C.V. ⁽²⁾	0.0%	50.0%	1	0
Zenia House A/S	0.0%	20.0%	0	0
			0	1

(1) On 3 November, the Group announced that it had exited its 50% investment in American Wood Mouldings ("AWM") and acquired 100% of the Ornamental Mouldings Group of companies ("OMI") (refer analysis of purchase of subsidiary disclosure). Tenon's 50% share of AWM's loss of \$1.2 million (\$0.6 million Tenon's share) for the period up to the date of sale is included in Earnings from Associates.

(2) The Group sold its 50% investment in American Moulding S. de R.L de C.V. ("AWM Mexico") to Manhattan Holdings, LLC for a Promissory note (receivable in May 2009) of \$475,000. The gain on sale of AWM Mexico, \$0.6 million, has been included in Earnings from Associates. Accordingly, the AWM Groups' net contribution to Tenon's earnings in the period was nil.

(b) INVESTMENTS IN ASSOCIATES

Carrying value of investments in associates at beginning of period
Earnings of associates before dividends - continuing operations
Dividends from associates
Associates disposed of during year
Carrying value of investments in associates at the end of period

	As at 31-Dec-06 US\$ Millions	As at 31-Dec-05 US\$ Millions
Carrying value of investments in associates at beginning of period	20	20
Earnings of associates before dividends - continuing operations	(1)	2
Dividends from associates	0	(2)
Associates disposed of during year	(19)	0
Carrying value of investments in associates at the end of period	0	20

7 NET ASSET BACKING PER SHARE

NZ\$
Net assets per share
Net tangible assets per share
US\$
Net assets per share
Net tangible assets per share

	As at 31-Dec-06 Cents per share	As at 31-Dec-05 Cents per share
Net assets per share	NZ 2.70	NZ 2.58
Net tangible assets per share	NZ 0.91	NZ 1.36
Net assets per share	US 1.90	US 1.76
Net tangible assets per share	US 0.64	US 0.93

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Tenon Limited (Consolidated)

Half year ended 31 December 2006

8 EARNINGS PER SHARE

US\$ Basic / diluted earnings per share information:

Basic Continuing operations
Diluted Continuing operations

6 months 31-Dec-06 Cents per share	6 months 31-Dec-05 US Cents per share
US 2.5 cps	US 3.4 cps
US 2.4 cps	US 3.4 cps

9 COMMENTS BY DIRECTORS

- (a) Material factors affecting the Tenon Group for the current half year.
See attached media release
- (b) Significant trends or events since end of the current half year.
See attached media release
- (c) Management's discussion and analysis of financial condition, result, and/or operations (optional)
See attached media release

10 DIVIDENDS
NIL

This Report was approved by a resolution of Directors on 15 February 2007



P M Gillard
Company Secretary

15 February 2007

Statement of Accounting Policies

BASIS OF PRESENTATION

The interim financial statements presented are those of Tenon Limited (the Parent Company), and Tenon Limited and Subsidiaries (the Group).

Statement of Compliance

The interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and New Zealand International Accounting Standard 34, Interim Financial Reporting. In complying with NZIAS 34, the interim financial statements also comply with IAS 34.

The interim financial statements do not include all of the information required to be disclosed for full annual financial statements. The Group has designated itself as a profit-orientated entity for the purposes of compliance with NZ IFRS.

Basis of Preparation

The interim financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

The reporting currency used in the preparation of these interim financial statements is United States dollars.

The preparation of interim financial statements in conformity with NZIAS 34 requires the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The interim financial statements consolidate the financial statements of subsidiaries using the purchase method, and include the results of associates using the equity method.

The accounting policies used in the preparation of the interim financial statements for the six months ended 31 December 2006 and 31 December 2005 are consistent with those used in preparation of the audited financial statements of the Group for the year ended 30 June 2006.

Tenon Limited and Subsidiaries
Interim Financial Statements (unaudited)
Consolidated Income Statement
for period ended 31 December 2006

	Note	Dec 2006 NZ\$m	Six Months Dec 2006 US\$m	Tenon Group Year Ended June 2006 US\$m	Six Months Dec 2005 US\$m
Revenue		277	196	370	167
Cost of Sales		-205	-144	-274	-127
Gross Profit		72	52	96	40
Dividend Income		0	0	2	2
Earnings from Associates	4	0	0	0	-1
Distribution Expense		-51	-36	-67	-30
Administration Expense		-10	-7	-11	-5
Earnings before Interest, Tax, Depreciation and Impairment (EBITDA)		11	9	20	6
Depreciation		-4	-3	-5	-2
Impairment Charge - Zenia House Exit Costs		0	0	-1	-1
Operating Profit before Financing Costs		7	6	14	3
Net Financing Expense	5	-4	-3	-3	-1
Profit before Taxation		3	3	11	2
Income Tax Expense		-1	-1	-3	0
Net Profit after Taxation		2	2	8	2
Earnings Per Share Information					
Basic Net Earnings per Share (cents)			2.5	12.0	3.4
Diluted Net Earnings per Share (cents)			2.4	11.8	3.4
Basic and Diluted Weighted Average Number of Shares Outstanding (millions)			66.9	69.3	69.7

The accompanying notes form part of and are to be read in conjunction with these interim financial statements.
The interim financial statements have been translated to New Zealand dollars for information purposes only, refer to note 3.

Consolidated Statement of Changes in Equity

for period ended 31 December 2006

	Note	Tenon Group			
		Dec 2006	Six Months Dec 2006	Year Ended June 2006	Six Months Dec 2005
		NZ\$m	US\$m	US\$m	US\$m
Net Earnings for the period, comprising:					
Net Profit after Taxation		2	2	8	2
		2	2	8	2
Other Recognised Revenues and Expenses for the period					
Revaluation reserve on acquisition	8	3	2	0	0
Movement in Currency Translation Reserve		3	2	-1	0
Total Recognised Revenues and Expenses for the period		8	6	7	2
Movement in Reported Capital					
Share Buy Back	7	-1	-1	-6	0
Movements in Equity for the period		7	5	1	2
Total Group Equity at the beginning of the period comprising					
Parent Shareholders' Interest		173	122	121	121
Total Group Equity at the end of the period, comprising					
Parent Shareholders' Interest		180	127	122	123

The accompanying notes form part of and are to be read in conjunction with these interim financial statements.

The interim financial statements have been translated to New Zealand dollars for information purposes only, refer to note 3.

Tenon Limited and Subsidiaries
Interim Financial Statements (unaudited)
Consolidated Balance Sheet
as at 31 December 2006

	Note	Dec 2006 NZ\$m	Dec 2006 US\$m	Tenon Group June 2006 US\$m	Dec 2005 US\$m
ASSETS					
Current Assets:					
Cash and Liquid Deposits		4	3	3	2
Inventory		115	81	68	64
Trade and Other Receivables		60	42	40	29
Current Assets - Discontinued Operations	10	1	1	1	1
Total Current Assets		180	127	112	96
Non Current Assets:					
Fixed Assets		60	42	32	35
Investments		0	0	20	20
Goodwill		108	76	54	51
Deferred Taxation Asset		11	8	6	7
Total Non Current Assets:		179	126	112	113
Total Group Assets		359	253	224	209
LIABILITIES AND GROUP EQUITY					
Liabilities					
Current Liabilities:					
Trade and Other Payables		36	25	23	26
Provision for Current Taxation		1	1	1	1
Current Debt	9	104	73	19	0
Current Liabilities - Discontinued Operations	10	3	2	2	3
Total Current Liabilities		144	101	45	30
Non Current Liabilities:					
Non Current Debt		6	4	36	35
Provisions		1	1	1	1
Deferred Settlement		28	20	20	20
Total Non Current Liabilities:		35	25	57	56
Total Group Liabilities		179	126	102	86
Group Equity					
Capital	7	756	533	534	540
Reserves	8	-576	-406	-412	-417
Total Group Equity		180	127	122	123
Total Group Liabilities and Equity		359	253	224	209

The accompanying notes form part of and are to be read in conjunction with these interim financial statements.
The interim financial statements have been translated to New Zealand dollars for information purposes only, refer to note 3.

Tenon Limited and Subsidiaries
Interim Financial Statements (unaudited)
Consolidated Statement of Cash Flows
for period ended 31 December 2006

	Note	Tenon Group			
		Dec 2006 NZ\$m	Six Months Dec 2006 US\$m	Year Ended June 2006 US\$m	Six Months Dec 2005 US\$m
Cash was Provided:					
From Operating Activities					
Receipts from Customers		282	199	367	177
Dividends Received		0	0	2	2
Total Provided		282	199	369	179
Payments to Suppliers, Employees and Other		273	192	376	181
Income Tax Paid		1	1	7	4
Total Applied		274	193	383	185
Net Cash from / (to) Continuing Operating Activities		8	6	-14	-6
To Investing Activities:					
Purchase of Fixed Assets		3	2	5	3
Purchase of Subsidiary		28	20	17	17
Cash acquired on purchase of Subsidiary		-4	-3	0	0
Purchase of Minority Interest		0	0	29	29
Net Cash to Investing Activities		-27	-19	-51	-49
From Financing Activities					
Debt Drawdowns		68	48	42	22
Total Provided		68	48	42	22
Debt Settlements		44	31	0	0
Interest Paid		3	2	1	0
Share Buy Back		1	1	6	0
Total Applied		48	34	7	0
Net Cash from Financing Activities		20	14	35	22
Net Cash to Discontinued Operations	10	-1	-1	-2	-1
Net Movement in Cash Held		0	0	-32	-34
Add Opening Cash and Liquid Deposits		4	3	36	36
Effect of Exchange Rate Changes on Net Cash		0	0	-1	0
Closing Cash and Liquid Deposits - Continuing Operations		4	3	3	2

The accompanying notes form part of and are to be read in conjunction with these interim financial statements.
The interim financial statements have been translated to New Zealand dollars for information purposes only, refer to note 3.

Tenon Limited and Subsidiaries

Interim Financial Statements (unaudited)

Reconciliation of Consolidated Net Earnings to Consolidated Net Cash from Operating Activities

for period ended 31 December 2006

	Tenon Group		
	Six Months	Year Ended	Six Months
	Dec 2006	June 2006	Dec 2005
	US\$m	US\$m	US\$m
Cash was Provided from:			
Net Earnings	2	8	2
Add Net Financing Expense	3	3	1
Adjustment for Items not involving Cash:			
Depreciation	3	5	2
Taxation	0	-4	-4
Equity Earnings	0	0	1
Cash Flow from Operations before Net Working			
Capital Movements	8	12	2
Net Working Capital Movements	-2	-26	-8
Net Cash from / (to) Continuing Operating Activities ⁽¹⁾	6	-14	-6

⁽¹⁾ As per Statement of Cash Flows.

Analysis of Purchase of Subsidiary

Net Cash from Operating Activities

	Tenon Group		
	Dec 2006 US\$m	June 2006 US\$m	Dec 2005 US\$m
Cash Outflow on Purchase of Subsidiary ⁽¹⁾	20	17	17
Investment in AWM	20	0	0
Revaluation reserve on acquisition ⁽²⁾	2	0	0
Fair Value of Deferred Consideration	0	18	18
	42	35	35
Cash	3	0	0
Inventory	7	13	13
Trade and Other Receivables	8	6	5
Fixed Assets	11	4	7
Goodwill on Acquisition ⁽¹⁾	22	22	19
Trade and Other Payables	-4	-5	-4
Term Debt	-5	-5	-5
	42	35	35

(1) Until November 2006, Tenon owned 50% of AWM. AWM owned 50% of the Ornamental Mouldings ("OMI") group of companies. On 3 November, Tenon announced that it had sold its 50% interest in AWM in return for the transfer of ownership of 50% of OMI to Tenon. Tenon simultaneously acquired the remaining 50% interest in OMI for \$18.75 million. The OMI Group contributed \$1.6 million to Profit before Taxation of the Group. The determination of the fair value of the OMI assets acquired (under NZ IFRS) was not complete at December 2006 and the asset values used to determine estimated goodwill at acquisition for the December 2006 interim financial statements are the book values at the date of acquisition. The estimated goodwill of \$22 million is attributable to the level of profitability of OMI and the synergies expected to accrue across the wider Tenon group from its acquisition.

(2) As the group had previously held an indirect 25% shareholding in OMI, through its investment in AWM, the acquisition of OMI is treated as a two step acquisition for accounting purposes and accordingly, under NZ IFRS 3, Tenon's share of the retained earnings of OMI when it was an associate is recognised as a revaluation reserve on consolidation.

During November 2005, the Group purchased a 51% share of Southwest Mouldings Co.

The accompanying notes form part of and are to be read in conjunction with these interim financial statements.

Tenon Limited and Subsidiaries

Notes to the interim financial statements (Unaudited)

for period ended 31 December 2006

1 General Information

Tenon Limited (the Company) and its subsidiaries (together the Group) is a woodproducts processing, marketing and distribution business. The Group focuses on the high value moulding and millwork markets in the United States. The Group has strong supplier relationships for finished mouldings and boards with the independent Pro Dealer segment and has channels into two of the largest home improvement chains in the United States: Lowe's and The Home Depot. The Group also supplies appearance grade lumber to a number of US moulding and millwork manufacturers. As well as providing a channel to market for Tenon's New Zealand products, our wholly owned distribution businesses, The Empire Company, Inc. and the Ornamental Mouldings Group of companies also source significant quantities of finished mouldings and millwork products from other suppliers.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 7 Fanshawe Street, Auckland, New Zealand.

The Company is listed on the New Zealand stock exchange. As at 31 December 2006 the Group was 57.36% owned by Rubicon Limited and its subsidiaries (June 2006 57.10%).

These consolidated financial statements have been prepared on a consolidated Group basis and were approved for issue by the Board of Directors on 14 February 2007.

2 Changes in Accounting Policy

There have been no changes in accounting policies during the period.

3 Functional currency

On 5 July 2005, Tenon formally adopted the United States dollar as both its functional and reporting currency following the sale of the Group's Australasian based Structural Consumer Solutions business. The majority of the Group's revenues and cash flows are generated in United States dollars.

New Zealand dollar supplementary information

The consolidated financial statements are expressed in United States dollars, the amounts pertaining to the most recent financial period are translated to New Zealand dollars, the latter being supplemental information presented solely for convenience and converted from United States dollars, as a matter of arithmetical computation only, at the closing rate on 31 December 2006 of NZ 1.00 : US 0.7050

4 Earnings from Associates

On 3 November, the Group announced that it had exited its 50% investment in American Wood Mouldings ("AWM") and acquired 100% of the Ornamental Mouldings Group of companies ("OMI") (refer analysis of purchase of subsidiary disclosure). Tenon's 50% share of AWM's loss of \$1.2 million (\$0.6 million Tenon's share) for the period up to the date of sale is included in Earnings from Associates.

The Group sold its 50% investment in American Moulding S. de R.L de C.V. ("AWM Mexico") to Manhattan Holdings, LLC for a Promissory note (receivable in May 2009) of \$475,000. The gain on sale of AWM Mexico, \$0.6 million, has been included in Earnings from Associates.

Accordingly, the AWM Groups' net contribution to Tenon's earnings in the period was nil.

5 FINANCIAL COSTS

	Tenon Group		
	Dec 2006 US\$m	June 2006 US\$m	Dec 2005 US\$m
Interest Payable on Debt	2	1	0
Amortisation of Fair Value - Deferred Settlement	1	2	1
	3	3	1

6 SEGMENTAL INFORMATION SUMMARY

Tenon Limited (the Company) and its subsidiaries (together the Group) is a woodproducts processing, marketing and distribution business. The Group focuses on the high value moulding and millwork markets in the United States. The Group has strong supplier relationships for finished mouldings and boards with the independent Pro Dealer segment and has channels into two of the largest home improvement chains in the United States: Lowe's and The Home Depot. The Group also supplies appearance grade lumber to a number of US moulding and millwork manufacturers. As well as providing a channel to market for Tenon's New Zealand products, our wholly owned distribution businesses, The Empire Company, Inc. and the Ornamental Mouldings Group of companies also source significant quantities of finished mouldings and millwork products from other suppliers.

7 CAPITAL

	Tenon Group		
	Dec 2006 US\$m	June 2006 US\$m	Dec 2005 US\$m
Capital			
Reported Capital:			
Reported Capital at the beginning of the year	534	540	540
Share Buyback ⁽¹⁾	-1	-6	0
Reported Capital	533	534	540

	Tenon Group		
	Dec 2006	June 2006	Dec 2005
Tenon Ordinary Shares			
Number of Shares at the beginning of the period	67,205,177	69,697,637	69,697,637
Share Buyback ⁽¹⁾	(354,516)	(2,492,460)	0
	66,850,661	67,205,177	69,697,637

(1) On 7 March 2006 Tenon announced an on-market share buy back of up to 5% of Tenon's issued shares, in accordance with the Companies Act and the NZX listing rules. To date, the Company has acquired 2,846,976 shares, representing 4.1% of the issued shares of the Company.

Shares held by the Tenon Employee Share Purchase Scheme accounted for under the Treasury Stock method amount to 198,360 (June 2006: 198,360, December 2005: 198,360) fully paid Tenon Limited Ordinary Shares.

8 RESERVES

	Tenon Group		
	Dec 2006	June 2006	Dec 2005
	US\$m	US\$m	US\$m
Retained Earnings:			
Opening Balance	-416	-424	-424
Net Profit after Taxation	2	8	2
	-414	-416	-422
Revaluation Reserves:			
Opening Balance	0	0	0
Revaluation reserve on acquisition ⁽¹⁾	2	0	0
	2	0	0
Net Currency Translation:			
Opening Balance	4	5	5
Net variations on Translations of Foreign Currency Financial Statements	2	-1	0
	6	4	5
Total Reserves	-406	-412	-417

(1) On 3 November, the Group announced that it had exited its 50% investment in American Wood Mouldings ("AWM") and acquired 100% of the Ornamental Mouldings Group of companies ("OMI"). As the group had previously held an indirect 25% shareholding in OMI, through its investment in AWM, the acquisition of OMI is treated as a two step acquisition for accounting purposes and accordingly, under NZ IFRS 3, Tenon's share of the retained earnings of OMI when it was an associate is recognised as a revaluation reserve on consolidation.

9 REFINANCING

Discussions are taking place between the Group and its bankers to enter into longer term bank facilities prior to expiry of the existing facilities in August 2007.

10 DISCONTINUED OPERATIONS

The following information details the balance sheet and cash flows of the Discontinued Operations of the Tenon Group relating to the structural business sale in April 2005 and the forestry activities disposed of during 2004. These operations were previously disclosed as Structural and the Forests and Supply Segment. There were no earnings for the periods disclosed.

Balance Sheet

as at 31 December 2006	Dec 2006	June 2006	Dec 2005
	US\$m	US\$m	US\$m
Assets			
Current Assets:			
Forest Assets held for sale	1	1	1
Total Discontinued Group Assets	1	1	1
Liabilities			
Current Liabilities:			
Provisions ⁽¹⁾	2	2	3
Total Discontinued Group Liabilities	2	2	3

(1) Includes Pension Liability as at 31 December 2006 of US\$0.6 million (June 2006: US\$0.8 million).

Statement of Cash Flows

for period ended 31 December 2006	Six Months	Year Ended	Six Months
	Dec 2006	June 2006	Dec 2005
	US\$m	US\$m	US\$m
Net Cash to Operating Activities	-1	-2	0
Net Cash to Investing Activities	0	0	-1
Net Cash to Discontinued Operations	-1	-2	-1