

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

**Tenon Limited**

(Name of Listed Issuer)

**For Full Year Ended 30 June 2006**

(referred to in this report as the "current half year/full year")

Preliminary full year report on consolidated results (including the results for the previous corresponding full year) in accordance with Listing Rule 10.4.2. 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 financial statements.

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

Reporting Period	12 months to 30 June 2006	
Previous Reporting Period	12 months to 30 June 2005	
	Amount (000s)	Percentage change
Revenue from ordinary activities	US\$370 million	34.1%
Profit (loss) from ordinary activities after tax attributable to security holders.	US\$8 million	- 38.5%
Net profit (loss) attributable to security holders.	US\$8 million	-80.5% Note comment below
Interim/Final Dividend	Amount per security	Imputed amount per security
	It is not proposed to pay dividends for the year. See attached Press Release.	NA
Record Date	Not Applicable	
Dividend Payment Date	Not Applicable	
Comments:	The comparative results for the prior period to 30 June 2005 included US\$28 million net profit from discontinued operations. Please see attached Press Release and Appendix 1	

		Consolidated Statement Financial Performance		
1	CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE	Current full Year US\$ million	Up/(Down) %	Previous corresponding full year US\$ million
1.1	<b>OPERATING REVENUE</b>			
	(a) Trading Revenue	370	34.1%	276
	(b) Other Revenue	2	(86.7%)	15
	(c) Total Operating Revenue	372	27.8%	291
1.2	<b>OPERATING SURPLUS BEFORE TAXATION</b>	11	(42.1%)	19
	(a) Less taxation on operating result	(3)	(50.0%)	(6)
1.3	<b>OPERATING SURPLUS AFTER TAX</b>	8	(38.5%)	13
	(a) Extraordinary Items after Tax [detail in Item 3]			
	(b) Unrealised net change in value of investment properties			
1.4	<b>NET SURPLUS FOR THE PERIOD</b>	8	(38.5%)	13
	(a) Net *Surplus (Deficit) attributable to minority interests			
	<b>NET EARNINGS FROM CONTINUING OPERATIONS</b>	8	(38.5%)	13
	<b>NET EARNINGS FROM DISCONTINUED OPERATIONS</b>		(100.0%)	28
1.5	<b>NET SURPLUS ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER</b>	8	(80.5%)	41

Note: Items 1.1 to 1.4(a) above represent Tenon's continuing operations.

		Consolidated Statement of Financial Performance	
2	DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/ EXPENSES FOR FULL YEAR	Current full year US\$ million	Previous corresponding full year US\$ million
2.1	<b>INCLUDED IN CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE</b>		
	(a) Interest revenue included in Item 1.1(b)		6
	(b) Unusual items for separate disclosure (gain/loss) (detail - Item 3)	(1)	
	(c) Equity earnings (gain/loss) (detail - Item 16)		4
	(d) Interest expense included in Item 1.2 (include all forms of interest, etc) <sup>(1)</sup>	3	4
	(e) Leasing and renting expenses		
	(f) Depreciation	5	5
	(h) Amortisation of goodwill		

(1) Includes Finance Costs - Amortisation of Fair Value (June 2006:US\$1.7 million, June 2005, US\$1.9 million.)

		Group - Current	
		Full Year	
3	DISCONTINUED, UNUSUAL (INCLUDING NON RECURRING), AND EXTRAORDINARY ITEMS OF THE GROUP	Operating Revenue	Operating Surplus
		US\$ million	US\$ million
<b>DETAILS AND COMMENTS</b>			
Prior period amounts have been restated for discontinued activities.			
During 2005 Tenon sold its structural business for \$165 million. The segment previously disclosed as the Structural segment has been classified as discontinued operations.			
<b>TOTAL DISCONTINUED ACTIVITIES</b>			28
Impairment Charge			
During the period, the Group decided to exit its European furniture design business. The impairment charge includes the costs of exiting the Group's 20% investment in Zenia House and the write down of related stock and debtors to amount expected to be recovered following the exit.			
<b>TOTAL MATERIAL NON RECURRING ITEMS</b>		(1)	
<b>TOTAL EXTRAORDINARY ITEMS</b>			

		Statement of Movements	
		In Equity	
4	STATEMENT OF MOVEMENTS IN EQUITY	Current full year	Previous corresponding full year
		US\$ million	US\$ million
4.1	<b>NET (DEFICIT) ATTRIBUTABLE TO MEMBERS OF LISTED ISSUER</b>	8	41
	(a) Net Surplus (Deficit) attributable to minority interest		
4.2	<b>OTHER RECOGNISED REVENUE AND EXPENSES</b>		
	(b) Current Translation Differences	(1)	15
4.3	<b>TOTAL RECOGNISED REVENUES AND EXPENSES</b>	7	56
4.4	<b>OTHER MOVEMENTS</b>		
	(b) Distributions to Owners		(229)
	(c) Other - Share buyback	(6)	
	(d) Other - (Disposal)/Purchase Minority Interest		(14)
4.5	<b>EQUITY AT BEGINNING OF FULL YEAR</b>	121	308
4.6	<b>EQUITY AT END OF FULL YEAR</b>	122	121
	Net Assets per share	1.82	1.74
	Net Tangible Assets per share	0.92	1.21

		Earnings Per Security	
		Current full year	Previous corresponding full year
5	EARNINGS PER SECURITY	Cents per Share	Cents per Share
		Calculation of basic and fully diluted, EPS in accordance with IAS33: Earnings Per Share	
	(a) Basic EPS - Continuing Operations <sup>(1)</sup>	12.0	18.8
	Basic EPS - Discontinued Operations <sup>(1)</sup>		39.7
	(b) Diluted EPS (if materially different from (a))	11.8	n/a

(1) Comparative per share data has been restated for the three out of every four share cancellation following the capital distribution on 16 February 2005.

6 MATERIAL ACQUISITIONS OF SUBSIDIARIES (See Note (VII) attached):	
(a) Name of subsidiary or group of subsidiaries	Southwest Moulding Co
(b) Percentage of ownership acquired	Purchased 51%
(c) Contribution to consolidated net Surplus (Item 1.4) <sup>(1)</sup>	US\$2.5 million
(d) Date from which such contribution has been calculated	3 November 2005

**7 MATERIAL DISPOSALS OF SUBSIDIARIES** (See Note (VII) attached)

**8 REPORTS FOR INDUSTRY AND GEOGRAPHICAL SEGMENTS**

**SEGMENTS**

**Industry**

Tenon is a processing, marketing and distribution Group, represented by one division - the Appearance Consumer Solutions segment. This segment has a distinct market and product focus.

**Geographical**

Refer Attached - Appendix 1

**Consolidated Statement of Financial Position**

(Note (VIII) attached has particular relevance for the preparation

	At end of current full Year US\$ million	As shown in last Annual Report US\$ million	If half yearly as shown in last full yearly report US\$ million
<b>9 CURRENT ASSETS:</b>			
(a) Cash	3	36	
(b) Trade receivables	40	35	
(d) Inventories	68	42	
(e) Other assets, current - Discontinued Operations	1	5	
<b>TOTAL CURRENT ASSETS</b>	<b>112</b>	<b>118</b>	
<b>9.1 NON-CURRENT ASSETS</b>			
(b) Investments	20	20	
(d) Property, plant and equipment	32	28	
(e) Goodwill	54	32	
(f) Deferred Taxation Assets	6	5	
<b>9.2 TOTAL NON-CURRENT ASSETS</b>	<b>112</b>	<b>85</b>	
<b>9.3 TOTAL ASSETS</b>	<b>224</b>	<b>203</b>	
<b>9.4 CURRENT LIABILITIES</b>			
(a) Trade Creditors	23	31	
(c) Secured loans	19		
(e) Provisions, current - Taxation	1	3	
(f) Other liabilities, current - Discontinued Operations	2	9	
<b>TOTAL CURRENT LIABILITIES</b>	<b>45</b>	<b>43</b>	
<b>9.5 NON-CURRENT LIABILITIES</b>			
(b) Secured loans	36	8	
(d) Provisions, non-current	1	1	
(f) Other liabilities, non-current	20	30	
<b>9.6 TOTAL NON-CURRENT LIABILITIES</b>	<b>57</b>	<b>39</b>	
<b>9.7 TOTAL LIABILITIES</b>	<b>102</b>	<b>82</b>	
<b>9.8 NET ASSETS</b>	<b>122</b>	<b>121</b>	
<b>9.9 SHAREHOLDERS' EQUITY</b>			
<b>9.10 SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER</b>	<b>122</b>	<b>121</b>	
(a) Minority equity interests in subsidiaries			
<b>9.11 TOTAL SHAREHOLDERS' EQUITY</b>	<b>122</b>	<b>121</b>	
(a) Returns on Assets (%) (EBIT divided by Total Assets) - Continuing Operations	6.28%	8.59%	
(b) Return on Equity (%) (Net Income divided by Shareholders' Equity)	6.56%	33.88%	
(c) Debt to Equity Ratio (%) (Total Liabilities divided by Shareholders' Equity)	83.61%	67.77%	

		Consolidated Statement of cashflows for full year	
		Current full year US\$ million	Corresponding full year US\$ million
(See Note (IX) attached.)			
<b>10</b>	<b>CASH FLOWS RELATING TO OPERATING ACTIVITIES</b>		
(a)	Receipts from customers	367	272
(b)	Interest received		6
(c)	Dividends received	2	5
(d)	Payments to suppliers and employees	(376)	(264)
(e)	Interest paid	(1)	(2)
(f)	Income taxes paid	(7)	(5)
	<b>NET OPERATING FLOWS</b>	(15)	12

(See Note (IX) attached.)			
<b>11</b>	<b>CASH FLOWS RELATING TO INVESTING ACTIVITIES</b>		
(a)	Cash proceeds from sale of property, plant and equipment		
(b)	Cash proceeds from sale of equity investments		
(c)	Loans repaid by other entities		6
(d)	Cash paid for purchases of property, plant and equipment	(5)	(3)
(e)	Interest paid - capitalised		
(f)	Cash paid for purchases of equity investments	(29)	(1)
(h)	Other cash flows relating to operating activities - Purchase of Subsidiary	(17)	(3)
	<b>NET INVESTING CASH FLOWS</b>	(51)	(1)

(See Note (IX) attached.)			
<b>12</b>	<b>CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>		
(b)	Borrowings	42	91
(c)	Repayment of borrowings		(105)
(d)	Distributions (Share buyback and Capital Return Paid to Shareholders)	(6)	(229)
(e)	Other cash flows relating to operating activities - Discontinued Operations	(2)	164
	<b>NET FINANCING CASH FLOWS</b>	34	(79)

(See Note (IX) attached.)			
<b>13</b>	<b>NET INCREASE (DECREASE IN CASH HELD)</b>		
(a)	Cash at beginning of full year	36	89
(b)	Exchange rate adjustments to Item 13(a) above	(1)	15
(c)	<b>CASH AT END OF FULL YEAR</b>	3	36

<b>14</b>	<b>NON-CASH FINANCING AND INVESTING ACTIVITIES</b>	
	Provide details of financing and investing transactions which have had a material effect on group assets and liabilities but did not involve cash flows:	
	NIL	

<b>15</b>	<b>RECONCILIATION OF CASH</b>		
	For the purposes of the above Statement of cash flows, cash includes:		
	.....		
	Cash at the end of the full year as shown in the statement of cash flows is reconciled to the related items in the financial statements as follows:		
	Cash on hand and at bank	3	36
	<b>Total = Cash at End of Full Year (Item 13(c) above)</b>	3	36

**16 EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES**

Information attributable to the reporting group's share of investments in associates and other material interests is to be disclosed by way of separate note below (refer FRS-38 Accounting for Investments in Associates).

**16.1 GROUP SHARE OF RESULTS OF ASSOCIATES**

- (a) **OPERATING SURPLUS BEFORE TAX**  
 (b) Less tax  
 (c) **OPERATING SURPLUS AFTER TAX**  
 (i) Extraordinary items  
 (d) **NET SURPLUS AND EXTRAORDINARY ITEMS AFTER TAX<sup>(1)</sup>**  
 (1) Current full year includes dividends paid of US\$2 million (2005: US\$5 million).

Equity Earnings	
Current full year US\$ million	Previous corresponding full year US\$ million
2	9
2	9
2	9

**16.2 MATERIAL INTERESTS IN CORPORATIONS NOT BEING SUBSIDIARIES**

- (a) The group has a material (from group's viewpoint) interest in the following corporations:

Name	Percentage of ordinary shares held at end of full Year		Contribution to net surplus (Item 1.5)	
	Current Full Year	Previous Corresponding Full Year	Current Full Year US\$ million	Previous Corresponding Full Year US\$ million
<b>Equity Accounted Associates</b>				
American Wood Moulding LLC and AWM Mexico	50.0%	50.0%	2	9
<b>Other Material Interests</b>			<i>Not Equity Accounted in current year</i>	

- (b) Investments in Associates

	Current full Year US\$ million	Previous Corresponding full year US\$ million
Carrying value of investments in associates beginning of full year	20	15
Share of changes in associates' post acquisition surpluses/and reserves:		
- Retained surplus	2	9
- Investment		1
Net goodwill amortisation and impairment adjustments in the period		
Less Dividends received in the period	(2)	(5)
Equity carrying value of investments at the end of full year	20	20
Amount of goodwill included in carrying value at end of that full year	nil	nil

**17 ISSUED AND QUOTED SECURITIES AT END OF CURRENT FULL YEAR**

Category of Securities	Number Issued	Number Quoted	Paid-Up Value (If not fully paid)
<b>PREFERENCE SHARES:</b>			
Number of Shares at the beginning of the year			
Cancellation of shares upon Capital Return			
Share Amalgamation			
Total at end of year			
<b>ORDINARY SHARES:</b>			
Number of Shares at the beginning of the year	69,697,637	69,697,637	
Cancellation of shares upon Capital Return			
Share Amalgamation			
Share Buy back <sup>(1)</sup>	(2,492,460)	(2,492,460)	
Total at end of year	67,205,177	67,205,177	

**CONVERTIBLE NOTES**

(1) On 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.

**18 COMMENTS BY DIRECTORS**

If no report in any section, state NIL. If insufficient space below, provide details in the form of notes to be attached to this report.

- (a) Material factors affecting the revenues and expenses of the group for the current full year

*Refer press release*

- (b) Significant trends or events since end of current full year

*Refer press release*

- (c) Changes in accounting policies since last Annual Report to be disclosed

NIL

- (d) Critical Accounting Policies - Management believes the following to be critical accounting policies. That is they are both important to the portrayal of the Issuer's financial condition and results, as they require management to make judgments and estimates about matters that they are inherently uncertain

*Refer December 2005 Half Year Report*

- (e) Management's discussion and analysis of financial condition, result and/or operations (optional) - this section should contain forward looking statements that should outline where these involve risk and uncertainty

*Refer press release*

- (f) Other comments

*Refer press release*

**19 DIVIDEND**

- (a) Dividend Yield as at balance date (%) (Annual dividend per share divided by price per share)

N/A

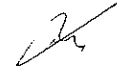
- (b) Tax Adjusted Dividend Yield as at balance date (%) (Annual net dividend per share divided by price per share)

N/A

**20 ANNUAL MEETING (if full year report)**

- (a) To be held at  
Christchurch Covention Centre, 86 Kilmore Street Christchurch
- (b) 3 November 2006 Time 2:00pm
- (c) Approximate date of availability of Annual Report 29 September 2006

This full year report was approved by resolution of Directors on 22 August 2006



P M Gillard  
General Manager Corporate

**Secondary reporting format - geographic segment**

	North America	New Zealand	Total
June 2006	US\$m	US\$m	US\$m
Revenue	352	97	449
Share of Profit of Associates			
Inter Company Operating Revenue <sup>(1)</sup>	-11	-68	-79
<b>Operating Revenue</b>	<b>341</b>	<b>29</b>	<b>370</b>
<b>Total Assets - Continuing Operations</b>	<b>175</b>	<b>48</b>	<b>223</b>
<b>Capital Expenditure</b>	<b>48</b>	<b>3</b>	<b>51</b>

	North America	New Zealand	Total
June 2005	US\$m	US\$m	US\$m
Revenue	260	89	349
Share of Profit of Associates	4		4
Inter Company Operating Revenue <sup>(1)</sup>	-8	-65	-73
<b>Operating Revenue</b>	<b>256</b>	<b>24</b>	<b>280</b>
<b>Total Assets - Continuing Operations</b>	<b>112</b>	<b>86</b>	<b>198</b>
<b>Capital Expenditure</b>	<b>6</b>	<b>1</b>	<b>7</b>

(1) Segmental revenue include transfers between geographical segments. Such transfers are accounted for at competitive market rates charged to unaffiliated customers for similar goods. Transfers are eliminated on consolidation.