



## News Release

**TO: THE BUSINESS EDITOR**

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STOCK EXCHANGE LISTING: NEW ZEALAND (TEN)

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### **Tenon Announces It Is Considering Adopting The United States Dollar As Its Functional Currency And Provides Earnings Guidance For Its Continuing Business**

Auckland, 14 April 2005 – Tenon announced today that it is considering adopting the United States dollar as its functional currency following the settlement of the sale of its Structural Consumer Solutions business to Carter Holt Harvey Limited at the end of this month.

This reflects the fact that the majority of Tenon's continuing revenues and earnings arise from United States domiciled distribution operations and that the United States is also the primary market for its New Zealand based processing operations at Taupo.

Commenting on the functional currency issue, Chief Executive Officer John Dell said, "It is important for our shareholders to understand that they now own a United States dollar driven business and that the operations and capital structure will accordingly be managed from a United States dollar perspective. We believe that adopting the United States dollar as the Company's functional currency will provide greater transparency as to the underlying performance of Tenon's business, which is currently being masked by the translation of these USD denominated earnings into New Zealand dollars. Our United States domiciled businesses continue to perform soundly in challenging market conditions but this is difficult to see if one simply looks at the New Zealand dollar translated numbers because of the impact of the appreciation of the New Zealand dollar against the United States dollar."

#### Earnings Guidance for Continuing Business

Tenon advises that forecast earnings before interest, taxation, depreciation and amortisations ("EBITDA") for the continuing business (after the sale of the Structural business) will be approximately US\$29 million (NZ\$41 million translated at the average NZD/USD exchange rate of 0.70). The continuing business incorporates earnings from the Appearance business (US\$29 million), allocated support costs (US\$5 million) and a net benefit from interest revenue and foreign exchange gains and losses (US\$5 million). This guidance is consistent with Tenon's earlier statement that earnings from the Appearance business were likely to be slightly

lower than that contained in the May 2004 target company statement (US\$32 million translated at NZD/USD exchange rate of 0.60).

EBITDA from the discontinued Structural business (net of allocated support costs) for the ten months to the end of April together with the gain on sale of the Structural business are forecast to be approximately NZ\$35 million.

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