

PRELIMINARY HALF YEAR REPORT ANNOUNCEMENT

Tenon Limited

(Name of Listed Issuer)

For Half Year Ended 31 December 2005

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

Preliminary half year report on consolidated results (including the results for the previous corresponding half 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 unaudited financial statements.

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

The Group's financial statements for the year ended 30 June 2006 will be prepared in accordance with New Zealand International Financial Reporting Standards (NZ IFRS). The Group's previous financial statements were prepared in accordance with New Zealand Financial Reporting Standards (NZ FRS). These are the Group's first consolidated interim financial statements prepared in accordance with NZ IAS 34, Interim Financial Statements. The Group's accounting policies have been applied in preparing the consolidated interim financial statements for the six months ended 31 December 2005, the comparative information presented in these financial statements for the six months ended 31 December 2004 and for the year ended 30 June 2005 and in the preparation of an opening NZ IFRS balance sheet at 1 July 2004 (the Group's date of transition). Refer to the attached press release for details.

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.

	Consolidated Statement Financial Performance		
	Current half Year US\$ million	Up/(Down) %	Previous corresponding half year US\$ million
1 CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE			
1.1 OPERATING REVENUE			
(a) Trading Revenue	167.4	27.0%	131.8
(b) Other Revenue	1.5	(85.0%)	10.0
(c) Total Operating Revenue	168.9	19.1%	141.8
1.2 OPERATING SURPLUS BEFORE TAXATION	2.1	(85.3%)	14.3
(a) Less taxation on operating result	0.3	(106.8%)	(4.4)
1.3 OPERATING SURPLUS AFTER TAX	2.4	(75.8%)	9.9
(a) Extraordinary Items after Tax [detail in Item 3]			
(b) Unrealised net change in value of investment properties			
1.4 NET SURPLUS FOR THE PERIOD	2.4	(75.8%)	9.9
(a) Net *Surplus (Deficit) attributable to minority interests			
NET EARNINGS FROM CONTINUING OPERATIONS	2.4	(75.8%)	9.9
NET EARNINGS FROM DISCONTINUED OPERATIONS		(100.0%)	2.6
1.5 NET SURPLUS ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER	2.4	(80.8%)	12.5

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

		Consolidated Statement of Financial Performance	
		Current half year US\$ million	Previous corresponding half year US\$ million
2	DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/ EXPENSES FOR HALF YEAR		
2.1	INCLUDED IN CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE		
(a)	Interest revenue included in Item 1.1(b)	0.3	4.0
(b)	Unusual items for separate disclosure (gain/loss) (detail - Item 3)	(0.7)	2.6
(c)	Equity earnings (gain/loss) (detail - Item 16)	(0.5)	3.0
(d)	Finance costs included in Item 1.2 (include all forms of interest, etc) ⁽¹⁾	(1.0)	(1.6)
(e)	Leasing and renting expenses	(0.8)	(1.0)
(f)	Depreciation	(2.4)	(2.2)
(g)	Diminution in the value of assets (other than depreciation)		

(1) Includes Finance Costs - Amortisation of Fair Value (December 2005: \$0.8 million, December 2004, \$0.9 million.)

		Group - Current Half Year	
		Operating Revenue US\$ million	Operating Surplus US\$ million
3	DISCONTINUED, UNUSUAL (INCLUDING NON RECURRING), AND EXTRAORDINARY ITEMS OF THE GROUP		
	DETAILS AND COMMENTS		
	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.		
	TOTAL DISCONTINUED ACTIVITIES		2.6
	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.		
	TOTAL MATERIAL NON RECURRING ITEMS	(0.7)	
	TOTAL EXTRAORDINARY ITEMS		

4 STATEMENT OF MOVEMENTS IN EQUITY	Statement of Movements In Equity	
	Current half year US\$ million	Previous corresponding half year US\$ million
4.1 NET SURPLUS (DEFICIT) ATTRIBUTABLE TO MEMBERS OF LISTED ISSUER	2.4	12.5
(a) Net Surplus (Deficit) attributable to minority interest		
4.2 OTHER RECOGNISED REVENUE AND EXPENSES		
(b) Current Translation Differences	(0.4)	(4.8)
4.3 TOTAL RECOGNISED REVENUES AND EXPENSES	2.0	7.7
4.4 OTHER MOVEMENTS		
(a) Capital Return - Parent Shareholders' Interest		
(b) Acquisition of Minority Interests Tarawera Forests Limited		(13.7)
(c) Movement in Presentation Currency		42.0
4.5 EQUITY AT BEGINNING OF HALF YEAR	121.8	309.1
4.6 EQUITY AT END OF HALF YEAR	123.8	345.1

5 EARNINGS PER SECURITY	Earnings Per Security	
	Current half year Cents per Share	Previous corresponding half year Cents per Share
Calculation of basic and fully diluted, EPS in accordance with IAS33: Earnings Per Share		
(a) Basic EPS - Continuing Operations ⁽¹⁾	3.4	3.6
Basic EPS - Discontinued Operations ⁽¹⁾		0.9
(b) Diluted EPS (if materially different from (a))	n/a	n/a

(1) Comparative per share data has been restated for the three out of every four share cancellation 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 (Deficit) (Item 1.4) ⁽¹⁾	\$0.3 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

Refer Press Release

Geographical

N/A - In compliance with NZ IFRS

Consolidated Statement of Financial Position

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

	At end of current half Year US\$ million	As shown in last Annual Report US\$ million	If half yearly as shown in last half yearly report US\$ million
9 CURRENT ASSETS:			
(a) Cash	2.0	35.5	153.5
(b) Trade receivables	28.5	35.3	28.1
(d) Inventories	63.7	41.9	41.7
(e) Other assets, current - Discontinued Operations	1.3	5.0	54.3
TOTAL CURRENT ASSETS	95.5	117.7	277.6
9.1 NON-CURRENT ASSETS			
(b) Investments	20.0	20.4	18.8
(d) Property, plant and equipment	35.1	28.0	26.9
(e) Goodwill	51.3	31.8	26.6
(f) Deferred Taxation Assets	7.3	5.3	15.8
(h) Other assets, non current - Discontinued Operations			55.8
9.2 TOTAL NON-CURRENT ASSETS	113.7	85.5	143.9
9.3 TOTAL ASSETS	209.2	203.2	421.5
9.4 CURRENT LIABILITIES			
(a) Trade Creditors	25.4	30.9	21.2
(e) Provisions, current - Taxation	1.2	2.8	0.9
(f) Other liabilities, current - Discontinued Operations	3.0	8.4	19.9
TOTAL CURRENT LIABILITIES	29.6	42.1	42.0
9.5 NON-CURRENT LIABILITIES			
(b) Secured loans	35.4	8.2	9.9
(d) Provisions, non-current	0.6	0.8	0.8
(f) Other liabilities, non-current	19.8	30.3	23.7
9.6 TOTAL NON-CURRENT LIABILITIES	55.8	39.3	34.4
9.7 TOTAL LIABILITIES	85.4	81.4	76.4
9.8 NET ASSETS	123.8	121.8	345.1
9.9 SHAREHOLDERS' EQUITY			
9.10 SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER	123.8	121.8	345.1
(a) Minority equity interests in subsidiaries		0.0	
9.11 TOTAL SHAREHOLDERS' EQUITY	123.8	121.8	345.1
(a) Returns on Assets (%) (EBIT divided by Total Assets) - Continuing Operations	1.3%	8.6%	2.8%
(b) Return on Equity (%) (Net Income divided by Shareholders' Equity)	1.9%	33.5%	3.6%
(c) Debt to Equity Ratio (%) (Total Liabilities divided by Shareholders' Equity)	69.0%	66.8%	22.1%

		Consolidated Statement of cashflows for half year	
		Current half year US\$ million	Corresponding half year US\$ million
<small>(See Note (IX) attached)</small>			
10	CASH FLOWS RELATING TO OPERATING ACTIVITIES		
(a)	Receipts from customers	176.7	133.3
(b)	Interest received	0.4	3.9
(c)	Dividends received	1.7	3.0
(d)	Payments to suppliers and employees	(180.5)	(133.1)
(e)	Interest paid	(0.1)	(0.7)
(f)	Income taxes paid	(4.0)	(3.9)
	NET OPERATING FLOWS	(5.8)	2.5

<small>(See Note (IX) attached)</small>			
11	CASH FLOWS RELATING TO INVESTING ACTIVITIES		
(a)	Cash proceeds from sale of property, plant and equipment	0.2	0.1
(c)	Loans repaid by other entities		6.1
(d)	Cash paid for purchases of property, plant and equipment	(2.9)	(0.5)
(h)	Other cash flows relating to operating activities - Purchase of Subsidiary & Minority Interest	(46.2)	(0.2)
	NET INVESTING CASH FLOWS	(48.9)	5.5

<small>(See Note (IX) attached)</small>			
12	CASH FLOWS RELATED TO FINANCING ACTIVITIES		
(b)	Borrowings	22.0	11.7
(c)	Repayment of borrowings		(23.6)
(e)	Other cash flows relating to operating activities - Discontinued Operations	(1.0)	51.6
	NET FINANCING CASH FLOWS	21.0	39.7

<small>(See Note (IX) attached)</small>			
13	NET INCREASE (DECREASE IN CASH HELD)		
(a)	Cash at beginning of half year	35.5	89.2
(b)	Exchange rate adjustments to Item 13(a) above	0.2	16.6
(c)	CASH AT END OF HALF YEAR	2.0	153.5

14	NON-CASH FINANCING AND INVESTING ACTIVITIES		
	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		

15	RECONCILIATION OF CASH		
	For the purposes of the above Statement of cash flows, cash includes:	Current half Year US\$ million	Previous Corresponding half year US\$ million
	Cash at the end of the half year as shown in the statement of cash flows is reconciled to the related items in the financial statements as follows:		
	Deposits at call	2.0	153.5
	Total = Cash at End of Half Year (Item 13(c) above)	2.0	153.5

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⁽¹⁾**

(1) Current half year includes dividend of \$1.7 million (2004: \$3.0 million).

Equity Earnings	
Current half year US\$ million	Previous corresponding half year US\$ million
1.2	6.0
1.2	6.0
1.2	6.0

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 Half Year		Contribution to net surplus (Item 1.5)	
	Current Half Year	Previous Corresponding Half Year	Current Half Year US\$ million	Previous Corresponding Half Year US\$ million
Equity Accounted Associates and Joint Ventures			<i>Equity Accounted in current year</i>	
American Wood Moulding LLC and AWM Mexico	50.0%	50.0%	1.2	6.0
Zenia House A/S	20.0%	20.0%		
Other Material Interests			<i>Not Equity Accounted in current year</i>	

(b) Investments in Associates and Joint Ventures

Carrying value of investments in associates beginning of half year

Share of changes in associates' post acquisition surpluses/and reserves:

- Retained surplus

- Capital Investment

Net goodwill amortisation and impairment adjustments in the period

Less Dividends received in the period

	Current half Year US\$ million	Previous Corresponding half year US\$ million
Carrying value of investments in associates beginning of half year	20.4	15.6
Share of changes in associates' post acquisition surpluses/and reserves:		
- Retained surplus	1.2	6.0
- Capital Investment	0.2	0.2
Net goodwill amortisation and impairment adjustments in the period	(0.1)	
Less Dividends received in the period	(1.7)	(3.0)

17 ISSUED AND QUOTED SECURITIES AT END OF CURRENT HALF YEAR

Category of Securities	Number Issued	Number Quoted	Paid-Up Value (If not fully paid)
PREFERENCE SHARES:			
ORDINARY SHARES:			
Number of Shares at the beginning of the year	69,697,637	69,697,637	
Cancellation of shares upon Capital Return			
Total at end of year	69,697,637	69,697,637	
CONVERTIBLE NOTES			

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 half year

Refer press release

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

Refer press release

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

First time adoption of NZ IFRS - Refer press release attached for new accounting policies

- (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

First time adoption of NZ IFRS - Refer press release attached for new accounting policies

- (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

ADDITIONAL INFORMATION	ADDITIONAL INFORMATION	
	Current half Year US\$ million	Previous Corresponding half Year US\$ million
Income Taxation		
Earnings before Taxation:	2.1	14.3
Taxation at 33 cents per dollar	0.7	4.7
Adjusted for:		
Permanent Differences	1.0	(1.1)
Taxation Under/(Over) Provided in the Prior Year		
Recognition of net tax losses	(2.0)	
Rates other than 33 cents	0.1	0.8
Taxation Expense	(0.3)	4.4

This half year report was approved by resolution of Directors on 7 March 2006

P M Gillard
General Manager Corporate